MILLER HOMES GROUP HOLDINGS PLC

Annual report and financial statements

Registered number 10854458

31 December 2021

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Overview

2021 was an incredibly busy year for the business. From a trading perspective, we achieved record sales rates and production levels which led to our completions being 10% ahead of 2019 pre-pandemic levels. From an investment perspective, we acquired a record 5,475 plots and also made two important acquisitions in Wallace Land Investment and Management Limited ("Wallace Land"), a strategic land business and Walker Timber Limited ("Walker Timber"), a timber frame manufacturer. Both acquisitions fulfil different strategic objectives which are explained in detail later. The year culminated in the announcement of the sale of the business to funds controlled by Apollo Global Management Inc ("Apollo") which provides the Group with the platform to continue its growth ambitions.

Finally, as I assume the newly created role of Executive Chairman, I would like to congratulate Stewart Lynes on his promotion to Chief Executive Officer. Stewart has been with the Group for 15 years in various senior positions and currently is Chief Operating Officer. He has consistently demonstrated his passion and enthusiasm along with his ability to help drive the successful delivery of the Group's strategy and track record and was the unanimous choice of the Board for the role of Chief Executive Officer. As Executive Chairman, I look forward to continuing working closely with him and all of our team as Miller enhances its position as a leading UK homebuilder of quality family homes.

Strategy

The launch of our tenth region in the South Midlands in the latter half of the year expanded our annual capacity to 6,000 units, an increase of over 50% on current year levels. Our strategy remains one of sustainable and profitable growth in our current regional markets such that volumes increase incrementally over the next five years towards 6,000 units.

The acquisitions in the year were very different in nature with Wallace Land designed to increase the throughput of higher margin strategic land and Walker Timber aimed at strengthening our supply chain. The acquisition of Wallace Land almost doubled the Group's strategic landbank to 39,000 plots, making it one of the largest in the sector on a relative basis. Supported by our already strong existing strategic landbank, it underpins both the Group's volume and margin targets. Walker Timber is a long-established timber manufacturing business, and its acquisition strengthens security of supply and improves our cost competitiveness for our Scotland Division which uses timber frames in the construction process. Our plan is that the vast majority of the timber frames required for our Scotland Division will be sourced from Walker Timber over the next few years. In addition, it provides the Group with options around the roll-out of timber frame housing in England and supports our commitment to improving our sustainability credentials.

2021 culminated in the announcement of the Group having global private equity group Apollo as our new financial sponsor. Apollo has deep housing expertise, with a global platform, extensive resources and capital to create value for all stakeholders. This is an exciting development for the Group in continuing our recent strong momentum and we welcome their investment and confidence in our solid prospects for future growth and success.

I would like to thank the team at Bridgepoint for the support provided during their ownership which was a period of significant expansion in annual completions and strong operational performance for the business.

Housing market

The impact of the pandemic on homeowners' desire to move continued to have a positive impact on the housing market during 2021. Homeworking and consequently the need for more living space, a desire for outdoor living and an increase in personal savings, all contributed to higher demand for new homes. Lack of supply in the resale market enhanced our opportunities to secure sales.

The market exceeded all commentators' expectations. Stamp Duty holidays coming to an end in 2021 and changes to availability in Help to Buy were heralded as potential triggers for a slowdown; however, the market remained resilient and buoyed by the other drivers. For the wider market, the Stamp Duty holiday, which was introduced in July 2020, was gradually phased out over the summer and autumn. While providing confidence for buyers, neither measure had a discernible impact on sales rates due to the strength of our forward sold position at the beginning of the year.

Both Halifax and Nationwide reported similar increases in average selling prices during 2021 at 9.8% (£276,091) and 10.4% (£254,822) respectively. Nationwide reported the strongest year since 2006 with prices 16% higher than before the pandemic.

The Bank of England increased the base rate from a record low of 0.1% to 0.25% as inflation rose to 5.4% in December 2021, well above their target of 2% and the highest in a decade. Correspondingly lenders started to increase mortgage rates; however, rates remain competitive and mortgage approvals for house purchases continued to run above pre-pandemic levels and the number of property transactions for 2021 were more than 25% higher than in 2019.

Housing was prioritised in the Government's strategy as a key pillar of its levelling-up agenda. To overcome the current housing shortfall, the Government aims to build 300,000 new homes per year by the middle of this decade and during 2021 reached its highest target in 30 years, building 243,000 new homes.

Whilst progress is being made, the planning system continues to present a significant barrier to achieving the ambitious targets set by the Government, which has been exacerbated further as a result of the pandemic. Applications are still taking too long to progress through the planning system and it is especially frustrating to experience such delays with Reserved Matters applications, where the principle of development is already established with an extant outline consent. We await the outcome of the highly anticipated Planning Bill, now scheduled for implementation in 2022, which will hopefully overcome some of these issues through a streamlined approach to help accelerate decision making.

The Group continues to prepare for the implementation of the Future Homes and Buildings Standard, designed to further improve energy efficiency within new build homes. We are currently engaging with industry technical working groups, which are being driven by the Future Homes Task Force to establish the specification.

In December 2021, the Government published the interim Part L approved document, which comes into effect in June 2022. Its implementation requires a 31% reduction in carbon emissions, including a minimum fabric energy efficiency target, intended to ensure that alongside the use of the renewables, the fabric is also improved. Having established the uplift specification, we are preparing our standard housetype ranges accordingly. This change is designed as a stepping-stone on the journey from current Part L 2013 Regulations to the more onerous Future Homes and Buildings Standard, set to be published in 2024 before coming into effect in 2025 and requiring 75% less carbon emissions when compared to homes delivered under current regulations.

People

Our teams have once again demonstrated incredible resilience and tenacity during 2021, allowing us to not only deliver but exceed our targets. Recognising the challenges they have faced both professionally and personally during 2020 and again throughout 2021 we have implemented additional measures to support their health and wellbeing whilst continuing to offer opportunities for professional development.

An employee forum was established to develop a flexible working plan, which saw the introduction of a new Homeworking Policy to coincide with the re-opening of offices and providing all office-based staff with the opportunity to benefit from a blended approach to home and office working.

Mental health has always been a priority for the Group; however, efforts were stepped up in light of COVID-19, raising awareness of the role of our 100 Mental Health First Aiders and running dedicated workshops on key areas, including stress awareness and depression. Following feedback from staff, the Group launched We Care, a tailored package of initiatives including 24/7 online GP access, mental health support service and a get-fit programme.

Training and development initiatives, including the Management Development programme, were adapted digitally to encourage career development across the business. Overall, the Group delivered 11,535 hours of training last year.

Culture, purpose and values
Our purpose is to 'create great places where people prosper' and our values are: we care about people, we care about performance, we care about pride and we care about prospering. This is not just about the Group's customers and the communities where new homes are being built; it is also about our hard-working and committed teams and helping them prosper too. The contribution of everyone involved is valued and the Group is committed to supporting and developing all staff at every level so that they experience an enjoyable, rewarding and successful working life with Miller Homes.

Employee engagement is a key indicator of employee experience and maintaining current levels of engagement was particularly challenging considering the pandemic. We worked hard to reassure our teams and foster a sense of community with a strong emphasis on communication and collaboration to clearly demonstrate our purpose and values in action. Following an employee survey in May 2021, we were delighted to record a positive employee engagement score of 93%.

The Group's commitment to its people and enhancing their experience of working at Miller Homes was further recognised in the autumn at the Personnel Today Awards when we won the Employee Experience Award. The Group was recognised for excelling in areas of leadership, communication and engagement whilst also demonstrating a strong sense of community through shared values and the positive impact of this on staff motivation and engagement.

As an equal opportunities employer, we continue to identify ways to improve diversity and inclusion with a training and awareness programme developed in 2021 and commencing early in 2022 to help achieve this. Elements will be included within our revised Learning & Development Strategy to ensure delivery of messaging and greater awareness of expectations across the entire business.

Corporate responsibility
Operating a sustainable business for the long term is an important aspect of the Group's approach. In line with our corporate culture and values, we recognise the benefits to all our stakeholders of creating great communities in our developments, fulfilling our promise of The Miller Difference to our customers, and creating a great place to work for our people and partners.

The Group strives to provide social value in the way it carries out its business, and during 2021 we considered some key areas where we can make a positive impact on our environment and create more great places.

<u>Climate change</u>
The Group makes a positive contribution to the communities in which we operate. We have worked for over 85 years to build a responsible and sustainable business and we recognise that the nature of what we do uses natural resources. Now more than ever before it is recognised that the impact on the environment due to climate change will have far reaching consequences for us all and we need to do more.

<u>Carbon</u>
We already monitor our waste production and energy use and have incorporated improvements in technology and best practice to ensure we use energy efficient products in the homes we build. In 2021, we embarked on a process of setting ourselves a target to reduce carbon emissions from our operations. We had previously consulted with our staff on what is a significant challenge to our industry and to help us transition to a new model of sustainable performance.

We engaged external consultants to help us ensure our baseline measurements are robust over our Scope 1 and Scope 2 carbon emissions and to ensure we are developing our Scope 3 emissions appropriately.

We understand that we need to use recognised methodologies to build on the work which we have already done. Our carbon reduction target is an 80% reduction in Scope 1 and 2 emissions in 10 years and we have a detailed plan of the of the initiatives which will be put in place to achieve the target. We will continue to look at ways of improving the target and ultimately to move towards net zero in that timeframe.

Total carbon emissions (Scope 1 and 2) were 6,757 tonnes (2020: 5,455 tonnes) which equates to a carbon intensity rate of 1.70 tonnes (2020: 2.03 tonnes) per 100 square metres of homes built. In 2021, our greenhouse gas footprint was higher than in 2020, which was artificially low due to the COVID-19 lockdown. Our total energy consumption was the equivalent of 24.9m kWh.

We have reported our emissions in line with the Greenhouse Gas Protocol Corporate Standard, with these figures including Scope 1 and 2 emissions from our operations in line with the Streamlined Energy and Carbon Reporting Requirements (SECR).

<u>Waste</u>
We have operated a waste segregation policy for a number of years which diverts waste from landfill to be recycled or re-used. In 2021, 28,109 tonnes (2020: 19,746 tonnes) representing 92.1% (2020: 95.6%) of our construction waste was diverted from landfill.

We also measure our waste intensity ratio which has reduced to 6.75 (2020: 7.12). This means that 6.75 tonnes of waste are produced for every 100 square metres of homes built. We understand that we need to change our thinking around waste being an inevitable consequence of construction activity and to reduce the amount of unnecessary materials coming to our sites in the first instance. This requires us to work with suppliers and other third parties and we need to do that in a way which will not have a negative impact on operations. We have engaged external consultants to find innovative ways to implement initiatives with our suppliers to improve delivery in a commercially sustainable manner. An improvement in the overall quantum of waste will also help reduce our carbon emissions.

<u>Environment</u>
There is growing concern that biodiversity across the world is in decline and as a homebuilder, we must play a part in ensuring that we leave a positive legacy on our development sites for wildlife and plant life. The planning system already identifies the importance of biodiversity in the National Planning Policy Framework (NPPF).

We therefore seek to enhance the biodiversity on our sites through implementation of measures such as wetland drainage features, bat and bird boxes, tree planting, public open space and the provision of SANGS (Suitable Alternative Natural Greenspace). We welcome the Environment Bill which will introduce legally binding targets in respect of development and delivery of a net gain for biodiversity (10%), resource efficiency, water and air quality.

Before any land is acquired for development, flood risk and biodiversity impact assessments are carried out and appropriate mitigation measures are put in place. It will become increasingly important to meet new environmental standards, both during the construction phase of our homes as well as the use of homes by our customers. For the last seven years we have sourced all of our timber from sustainable sources.

Charitable giving
The Group's philosophy is to support both local and national charities. Local charities are selected by each regional business and the Group continues to support our corporate partner, Habitat for Humanity Great Britain. Whilst opportunities for overseas activity remains restricted, we are a key partner in an initiative to provide accommodation for young adults leaving long term care.

A number of company-wide initiatives were held to raise funds for our local charitable partners, including, Tiny Changes, St Oswald's Hospice, the Great North Air Ambulance, Room at the Inn, Wakefield Hospice, Children First Derby, Birmingham Children's Hospital Charity, Two Saints and Fresh Start. Over 200 members of the team took part in the Miller Miles Charity Challenge in March and Walktober in October raising over £58,000 for our regional charities.

Customer service and quality
For the tenth time in eleven years, the Group achieved a five-star rating in the Home Builders Federation National New Home Customer Satisfaction Survey, with a score of 92%. This was a superb achievement by the whole team after what has been an incredibly challenging year induced by COVID-19 and its impact on our working practices. We remained focussed on providing the highest levels of customer service and the Group remains committed to offering outstanding experiences for our customers throughout their journey with us. We are preparing for the introduction of the New Homes Quality Code, measures which, as a responsible homebuilder with an emphasis on quality and customer care, we welcome and fully support.

Safety, health and environment
The health and wellbeing or our staff, suppliers and customers remained a priority and the Group continued to monitor and follow government guidance in relation to COVID-19 working practices, ensuring our working environments were as safe as possible and staff clearly understood and followed the measures in place.

During 2021, the key priority was to further enhance standards both from within our own team and amongst our contractors. This was supported by our Safety, Health and Environment (SHE) leadership team who had responsibility for overseeing the effective implementation of enhanced standards and working closely with our site teams, including subcontractors, to identify areas for attention and improvement.

The environment was a specific area of attention as we sought to improve the design, construction and management of surface water systems and associated pollution prevention plans and permits. The Group is disappointed to report a prosecution for a silted water incident which occurred in 2018 at one of our Yorkshire sites and for which we were fined £0.2m.

Outlook
Demand for new homes shows no sign of abating and as a result we entered 2022 with record forward sales of £665m.

With the backing of our new financial sponsors, the strength of our management team and flexibility of our business model, we are confident we can successfully take advantage of the prevailing strong housing market as we progress with our ambitious growth strategy.

I would like to record my sincere and grateful thanks to the entire Miller Homes team for the tremendous resilience and determination they have shown again during another challenging year whilst continuing to look forward and focus on the future of this great business as we continue to grow and prosper.

Chris Endsor
Executive Chairman

Strategic Report (continued)

Chief Executive Officer's Review

Sales performance

Despite the ongoing challenges of the pandemic, in particular, staff absence due to the COVID-19 self-isolation guidance, combined with longer delivery times for certain materials, we achieved a record year of sales completions which saw completions rebounding above pre-pandemic levels. This is testimony to the strength of our whole team.

Overall completions were 3,849 (2020: 2,620, 2019: 3,498), an increase of 47% and 10% respectively on 2020 and 2019. Core completions of 3,775 homes (2020: 2,544, 2019: 3,328) were 48% and 13% higher than 2020 and 2019 respectively. Joint venture completions were 74 (2020: 76, 2019: 170) with the decline reflecting a lower number of active joint ventures.

The forward selling strategy introduced prior to the pandemic continued to pay dividends, increasing the pipeline of sales in a strong market and minimising the use of incentives. The private sales rate increased to 0.85 net reservations per site per week, compared with 0.64 in both 2020 and 2019.

In 2021, 84% (2020: 58%) of all private reservations were made without recourse to either Help to Buy or part exchange. In April 2021, the Help to Buy scheme in England changed with regional price caps applied and availability exclusive to first time buyers. This meant the previous £600,000 ceiling is only now available in London, with caps in our regions varying from £186,000 to £438,000. A reduced price cap of £200,000 had been in place for the Scottish scheme for a number of years and in February 2021 the Scottish Government closed the scheme for new applicants. The First Home Fund, a shared equity scheme providing first time buyers with up to £25,000 to help them purchase a property, subsequently designed as an alternative which launched in April, was also closed after only five days due to demand. Despite this, throughout this time sales rates similar to England have been achieved. Our Help to Buy sales represented 15% (2020: 36%) of private reservations with this declining to 10% from April 2021 following the changes to the scheme criteria in England. On entering the first national lockdown, we strategically chose to restrict the use of part exchange as an incentive. This, together with improved sentiment in the housing market, resulted in use of part exchange falling to 1% (2020: 6%) of private reservations. Robust controls around part exchange both in relation to acquisition criteria and the onward sale of these properties, together with lower in-take volumes, led to our part exchange stocks falling to £0.3m (2020: £6.2m).

The sales market continued to be strong throughout the year and combined with our forward selling strategy this resulted in achieved prices being on average 5% higher than the prior year.

After becoming the first homebuilder to introduce online reservations in 2017, demand for this facility grew significantly during the pandemic and has continued to be popular with customers who enjoy the convenience and flexibility it offers. During 2021, online reservations accounted for 49% of all reservations (2020: 41%).

Land

Land is the lifeblood of our business. Our consistent and rigorous approach to land acquisition means we have a healthy land pipeline with strong embedded margins. We have an excellent track record of successfully achieving planning permissions in the key regional markets where we operate and where there is high demand for new homes, underpinning our targets for sales rates and capital efficiency.

The criteria for identifying suitable land to add to our portfolio focuses on key considerations of edge of urban or suburban location and proximity to good education establishments, areas of high employment and transport links.

During 2021, the Group acquired 28 sites (2020: 17 sites) providing 5,475 plots (2020: 2,273 plots) and entered into two joint ventures agreements (177 plots).

The owned landbank increased to 12,057 plots (Dec 2020: 10,494 plots) with the average plot cost declining to £44,900 (Dec 2020: £45,700). The reduction in our plot cost is largely a function of an increase in the proportion of land converted from the strategic landbank which represented 33% (2020: 27%) of the owned landbank. The controlled landbank comprises 3,112 plots (Dec 2020: 4,173 plots) and represents land which is held under option agreements or exchanged contracts and in both cases has a minimum of an outline planning consent. All sites within the controlled landbank are planned to be purchased during 2022 with the majority having above average margins due to the embedded option discount which is applied to the land value. The combination of the owned and controlled landbanks results in an overall consented landbank of 15,169 plots (Dec 2020: 14,667 plots) and represents just over 4 years' supply based on current output.

The consented landbank is further supported by the longer term and higher margin strategic landbank of 39,222 plots (2020: 20,776 plots) with a relatively low book value of £26m. The majority of this increase is due to the acquisition of Wallace Land in May 2021 which added 17,415 plots to the strategic landbank. The geographic distribution of Wallace Land's landbank is complementary to Miller Homes' strong regional presence and is split between Scotland and England. The portfolio will deliver a significant number of consented units, thereby adding significant value creation as these sites obtain planning consents and are acquired.

Product and supply chain
During 2021, the Group continued with the roll out of our new standard housetypes and 83% of completions will be from that range by the end of 2023. A new separate portfolio compliant with the requirements of the Nationally Described Space Standard (NDSS) was also developed and the Group is currently developing an affordable portfolio and a set of standard low rise apartments. These developments will allow us to effectively meet customers' needs while maintaining high standards of design and quality. The Group will also benefit from efficiencies in build, cost and waste and the acquisition of Walker Timber further increases our capabilities to deliver homes using modern methods of construction (MMC).

Revenue from optional extras increased to £8,700 (2020: £6,400) per private home sold during the year with 84% (2020: 67%) of customers taking the option to personalise their home. This is a significant increase on previous years and has been possible by standardisation across our product range which in turn facilitates the offering of the same suite of optional extras to all customers. It is also testament to the development of our on-line options visualiser which provides customers with the ability to envision their selection choices prior to purchase.

There was unprecedented pressure on the housebuilding supply chain in 2021, resulting in delays to the normal scheduled delivery times for certain key commodities. The Group's key suppliers are managed by the central procurement team. The strength of these long-standing relationships ensured a collaborative two-way approach to resolve demand and supply issues as they arose. Despite the ongoing challenges of the pandemic in 2021, our production output was c10% ahead of 2019, the last year unaffected by COVID-19. To have successfully managed the impact of staff absence due to COVID-19 self-isolation guidance and longer delivery times for certain commodities is testimony to the strength and fortitude of our production and procurement teams.

Cost pressures have been significant due to the cost volatility of certain raw materials, However, we have measures in place to de-escalate some of the upward movements once there is more stability in global supply markets and component pricing returns to normal levels. The impact of cost inflation in 2021 has been similar to house price inflation at around 5%. Our cost base is such that cost inflation applies to just over 75% of our costs which equates to 55% of selling price. The combination of house price and cost inflation running at similar levels and the circa 2:1 relationship between selling price and costs susceptible to inflation has been accretive to margins.

Build quality and customer service
We retained a five star rating for customer satisfaction in 2021 for the tenth time in eleven years. In preparation for the introduction of the New Homes Quality Code, we have reviewed and reinforced key elements of our customer journey to ensure we can continue to provide our customers with excellent levels of service.

The Group's build quality and customer service performance is measured each year by the NHBC, the provider of our 10 year warranty, through various independent external inspections and surveys at key build stages. Over and above this, the NHBC also carries out an annual assessment of construction quality across a maximum of 38 build stages known as Construction Quality Reviews (CQR). In 2021, 22,767 (2020: 17,665) key stage inspections were undertaken by the NHBC and our average score improved to 4.33 (2020: 4.20), which means that 84% (2020: 77%) of inspections are in the Good to Outstanding categories.

Marketing & IT
We understand that our customers want flexibility when it comes to all aspects of the homebuying process. We are very proud of our approach to innovation and our investment in digital services continued throughout 2021, allowing us to further identify and adopt new ways to meet our customers' needs and aspirations.

To give buyers confidence in their journey with us, we now provide an animated, interactive timeline which is an engaging way to fully understanding the steps involved and the experience and support which can be expected when buying a Miller home. Customers can also take advantage of our online Options Visualiser, launched early in 2021. A digital version of a property, accessed via their Miller Homes account, allows customers to experiment with a range of styles, colours, finishes and features to create their ideal interior, whilst a running total keeps track of the cost.

An enhancement of the My Miller Homes portal and app allows prospective buyers to receive exclusive notifications for new plots. This includes the ability to search for a preferred location, development or show home and be notified of matching plots becoming available 24 hours before the general release date. The next stage of the digital journey is that prospective customers can then book an appointment with our sales team seamlessly via the app.

Stewart Lynes
Chief Executive Officer

Strategic Report (continued)

Chief Financial Officer's Review

Financial overview

	2021	2020
Total completions (no)	**3,849**	2,620
Average Selling Price ("ASP") (£000)	**275**	261
Revenue (£m)	**1,046**	665
Operating profit adjusted for exceptional items (£m)	**204**	115
Operating margin (%)	**19.5**	17.3
Net external debt (£m)	**241**	201
Net assets (£m)	**496**	379
ROCE (%)	**34.4**	19.7

Operating performance

With the benefit of strong forward sales and in turn supplemented by sales rates and production rates which were 33% and 10% ahead respectively of 2019, revenue increased by 57% to £1,045.8m (2020: £664.8m). This was largely due to a 56% increase in new home revenue to £1,036.4m (2020: £663.5m) with other revenue also ahead at £9.4m (2020: £1.3m). The improvement in revenue from new home sales reflected a 48% increase in core completions to 3,775 (2020: 2,544) combined with a 5% increase in ASP. Private completions rose by 44% to 2,823 (2020: 1,955) with affordable unit completions also significantly ahead by 62% to 952 (2020: 589).

ASP increased by 5% to £275,000 (2020: £261,000). This reflected a 6% increase in the ASP of private homes to £320,000 (2020: £303,000) and a 15% increase in the ASP of affordable homes to £139,000 (2020: £121,000) offset by an increase in the proportion of affordable homes sold in the year to 25% (2020: 23%). The 6% increase in private ASP was largely driven by both higher headline prices and lower usage of incentives with the average unit size of 1,209 sq ft (2020: 1,203 sq ft) remaining largely unchanged. The 15% increase in the ASP of affordable homes reflected a greater weighting from the higher ASP Midlands & South area together with a change in the mix of tenures sold to housing associations with an increase in homes sold outside the stipulated obligations for planning purposes which tend to have a higher average ASP.

Gross profit adjusted for exceptional items rose by 67% to £261.6m (2020: £156.7m) which represented a gross margin of 25.0% (2020: 23.6%). This improvement in margin was mainly driven by the benefit of higher margins from new site launches and the favourable impact of house price inflation which despite cost inflation running at a similar percentage, meant that HPI net of CPI continued to be accretive from an overall gross margin perspective. Gross profit including exceptional items was £256.1m (2020: £152.4m). The current year exceptional charge of £5.5m (2020: £4.3m) reflects potential cladding costs, with the prior year item relating to non-productive site labour costs incurred whilst our site operations were closed during Quarter 2 2020.

Other operating income reflects management fee income earned on joint ventures and the net profit on the re-sale of part exchange properties. There was a fall in other operating income to £1.0m (2020: £1.3m) which was due to a reduction in management fee income as joint venture activity decreased and the lower usage of part exchange as an incentive.

Administrative expenses increased to £67.0m (2020: £45.6m) due largely to a higher staff incentive charge, exceptional costs associated with a strategic review undertaken in 2021 and higher staff emoluments due to a 6% headcount increase. As a percentage of revenue, administrative expenses have fallen to 6.4% (2020: 6.9%). The Group's share of joint venture profit increased to £2.6m (2020: £2.4m) despite completions from joint ventures falling slightly to 74 units (2020: 76 units).

Operating profit adjusted for exceptional items increased by 77% to £203.6m (2020: £114.8m) which represented an operating margin of 19.5% (2020: 17.3%).

Finance cost
The net finance cost decreased by £2.9m to £47.5m (2020: £50.4m). This reflected:

- a £6.6m increased charge on the senior secured notes (inclusive of amortised deferred financing costs and non-utilisation fees) to £35.8m (2020: £29.2m) which reflected the accelerated amortisation of arrangement fees.
- a £6.7m reduction on interest due on intercompany loans to £6.4m (2020: £13.1m) as a result of two repayments of £100m and £51m in March 2021 and November 2021 respectively.
- a £2.6m decrease in imputed interest on land payables to £5.7m (2020: £8.3m) which was driven by lower land payables on a weighted average basis during 2021.

Taxation
The tax charge in the year was £30.6m (2020: £12.5m) which comprised £27.5m (2020: £5.1m) of corporation tax and £3.1m (2020: £7.4m) of deferred tax. The Group has a deferred tax liability at the year end of £9.9m (2020: £2.3m) with the movement mainly due to the utilisation of historic tax losses, the recognition of a liability on the pension scheme surplus and an increased liability in respect of the brand intangible asset due to a planned increase in tax rates. At the year end the main elements are liabilities of £13.5m in respect of the intangible brand asset and £2.5m in respect of retirement benefit obligations, offset by, a £6.1m asset in respect of other temporary differences.

The total contribution to the UK and Scottish Government's finances in 2021, directly through taxes borne by the Group itself, and indirectly by payroll and other taxes we collect on behalf of both Governments was £114.0m (2020: £76.4m) as set out below.

Contribution to Government finances

	2021 £m	2020 £m
Tax paid by the Group		
UK corporation tax	**26.9**	12.2
Stamp duty	**11.7**	5.7
Employer's national insurance	**6.4**	6.0
Apprentice levy	**0.3**	0.3
Non-domestic rates and council tax	**1.1**	0.9
Section 75 and 106 agreements	**43.7**	30.4
	90.1	55.5
Tax collected and paid over by the Group		
PAYE and employees' national insurance	**17.0**	16.1
Construction industry scheme	**6.9**	4.8
Total	**114.0**	76.4

The total amount of tax is significantly greater than the tax charge shown in our accounts and is an indication of our wider financial contribution to the UK economy. In addition, the Group returned all furlough monies received under the CJRS scheme in 2020 and no application to this scheme was made in 2021.

The Group is committed to maintaining its status with HMRC as a low-risk business. The Group's tax strategy can be found on its website and is based on an open, transparent and collaborative approach with HMRC, with a low tolerance towards tax risk and undertaking not to engage in artificial tax arrangements.

Cashflow and debt

The Group continued to generate significant levels of cash. Free cashflow in the year was £173.3m (2020: £91.6m) which equated to a cash conversion from EBITDA ratio of 89% (2020: 81%). This was higher than the 3 year average of c50% during the pre pandemic years of 2017 to 2019, as a result of the benefit of higher sales rates in 2021 and the impact of lower land spend following the moratorium in 2020.

Following the repayment of the 10% unsecured intercompany loan and the floating rate notes, at the year end, the Group was funded through a combination of the following facilities:

- £404.0m, 5.5% Senior Secured Notes due 2024
- £151.5m committed RCF which was undrawn at the year end except for a £16m letter of credit. Other than £21.5m which is committed to June 2022, this facility is committed through to April 2023.

On the basis of the above indebtedness, the cash balance of £161.0m and deferred financing costs of £1.6m, the Group had net debt of £241.4m (2020: £345.4m). There are no financial covenants in relation to either the senior secured notes or the RCF. The drawn balance on the RCF is limited to 47% of net inventory. Following the year end new facilities were put in place as explained in note 32.

EBITDA to free cash flow reconciliation

	2021 £m	2020 £m
EBITDA	**195.1**	113.2
Net land investment (in excess of cost of sales)	**(48.2)**	(33.1)
Development spend less than / (in excess of) cost of sales	**11.1**	(13.2)
Change in working capital	**(1.4)**	–
Cash flows from JVs (not included in EBITDA)	**6.2**	5.3
Shared equity loan receivables	**2.4**	1.9
Other	**8.1**	17.5
Free cash flow	**173.3**	91.6
Net land spend (included in cost of sales)	**171.1**	117.0
Net land spend (in excess of cost of sales)	**48.2**	33.1
Free cash flow pre net land spend	**392.6**	241.7

Balance sheet

The Group's balance sheet is substantially underpinned by a high quality landbank. The Group's net assets increased by 31% to £496.1m (2020: £378.6m). Tangible capital employed increased by £4.2m to £582.0m (2020: £577.8m). Net inventory represents statutory inventory net of land payables and increased by 5% to £747.1m (2020: £709.7m). Net inventory reflected an increase in inventories to £891.4m (2020: £808.6m) offset by a significant increase in land payables to £144.3m (2020: £98.9m). The increase in land payables is due to increased land buying activity during the year following lower investment in 2020 due to the moratorium on land buying for part of that year.

Investment in land rose by 16% to £569.5m (2020: £490.6m) which is due to a 15% increase in the owned and unconditional landbank to 12,057 plots (2020: 10,494 plots) and additional investment in land options following the purchase of Wallace Land offset by a 2% decrease in the average plot cost to £44,900 (2020: £45,700). The decrease in plot cost is principally due to higher proportion of land sourced from our strategic landbank. As a percentage of ASP, the plot cost is lower than last year at 15.9% (2020: 17.2%). Work in progress has increased by 3% to £321.6m (2020: £311.8m) and reflects increased construction activity in the final quarter of the year. Part exchange inventories have continued to fall which is a reflection of the more selective usage of this incentive in light of current market conditions. The year end part exchange balance is £0.3m (2020: £6.2m).

Land payables represent creditors due in respect of land acquired on deferred terms and occasionally where contracts have been exchanged and the conditions have been satisfied. Land contracts which have been exchanged and where the conditions have yet to be satisfied, represent off-balance sheet contractual obligations to make certain payments if the conditions were satisfied. The estimated value of these contracts is £52.9m (2020: £27.7m).

Shared equity loan receivables represent the Group's investment in shared equity loans which were issued during the period 2008 to 2013. Redemptions in the year resulted in the investment in these assets falling to £4.6m (2020: £7.0m). The Group prudently carries its shared equity assets at fair value with a provision of £7.2m (2020: £8.2m) being held against the initial carrying value of £11.8m (2020: £15.2m).

During the year, the Group completed two corporate acquisitions, namely Wallace Land Investment and Management Limited in May 2021 and Walker Timber Limited in December 2021. A fair value exercise was undertaken in respect of both acquisitions and resulted in goodwill of £9.3m being recognised. This is set out in detail in note 30.

Pensions
The defined benefit scheme was closed to new entrants in 1997 and to future accrual in 2010. Through a combination of contributions of £16.5m and an actuarial gain of £4.5m, the scheme turned into a surplus of £7.2m (2020: deficit of £13.8m). The strategy agreed with trustees is to hedge 70% of interest rate risk through investing in gilts and investment returns on other assets.

Pension arrangements for the Group's employees are now provided through a defined contribution scheme with the annual cost reflected in the Income statement amounting to £3.6m (2020: £3.4m).

Risk management
The Board maintains a risk register to identify and manage key business risks. COVID-19 had an impact on the majority of the Group's key risks which is discussed in detail on pages 16 and 17. In addition, under IFRS 9, the Group is required to disclose the main risks associated with its financial instruments, namely, credit risk, liquidity risk, market risk and inflation risk. These are set out in note 22 of the financial statements. In addition to the adequacy of financial resources, the key financial risks are the valuation of inventory and retirement benefit obligations, as set out in note 26.

Ian Murdoch
Chief Financial Officer

Strategic report *(continued)*

Stakeholder engagement

Large private companies are required to report on how the directors have complied with their statutory duties under s172 of the Companies Act. Its aim is to promote the success of the company as a whole for the benefit of all stakeholders.

We appreciate that stakeholder engagement is important in establishing relationships with our employees, shareholders, customers, suppliers, lenders and wider society which not only underpins the good governance of the business but fosters greater understanding of the needs and concerns of our stakeholders. If we listen to our stakeholders and encourage positive relationships this will impact on the way we conduct business, our policies processes and procedures as explained in more detail below.

Shareholders	What that means
• Executive directors met with shareholders at Board meetings 10 times during the year • Shareholder directors visit regional offices and are encouraged to make site visits (curtailed due to COVID) • Additional calls were held to explain our response to the pandemic • An annual strategy update is presented to the shareholder directors	During the year, the executive directors were in regular contact with shareholders to provide timely updates on business issues arising from COVID-19. It was important that the shareholders understood the detailed arrangements designed to ensure the safety of our staff and any constraints on staff working from home. Regular and effective dialogue was maintained through virtual channels.
Employees	**What that means**
• Virtual employee roadshows with presentations from executive and regional directors • Bi monthly senior management team meetings introduced to cascade key messages • Increased internal communication including Webinars to update/alleviate concern around Covid	Staff were kept fully appraised of the business during the year via intranet, email and virtual meetings. Staff were kept informed of the required COVID-19 protection measures. Regular briefings were given to staff to reassure them of the Group’s financial health. A new Homeworking Policy was introduced to coincide with the re-opening of offices and providing all office-based staff with the opportunity to benefit from a blended approach to office and home working.
Customers	**What that means**
• Independent surveys of customer experience • Customers contacted at 7, 14 and 28 days to ensure they remain delighted • Website surveys to obtain customer feedback • My Miller Home app allows two-way communication • Site manager app for defect capture and resolution • Online facility to access relevant technical information • Improved process for customer choices and options	We developed new ways of engaging with our customers including virtual meetings and “live chat”. Every customer was provided with contact details of our sales team to address any questions. We revised our customer journey meetings to take place virtually. We continued to listen to our customers and what they want from the home buying process. In preparation for the introduction of the New Homes Quality Code, we have reviewed and revised key elements of our customer journey to ensure we can continue to provide our customers with excellent levels of service.

Strategic report *(continued)*

Stakeholder engagement (continued)

Supply chain	What that means
• Site induction app minimises face to face contact • Retender of 46 nationally procured commodities • Long-term collaborative partnerships • Supplier Code of Conduct • Regular meetings with suppliers to report feedback • Data on supplier performance gathered via site manager app. • Meetings with contractors take place prior to work commencing on site • There was unprecedented pressure on the housebuilding supply chain in 2021, resulting in material shortages brought about by the impact of Covid, Brexit, reduced manufacturing output and high global demand for materials	Regular dialogue with our supply chain meant they had full transparency of our plans to support our production targets and that we understood any concerns they had. We continued to use our site induction app to re-induct everyone who attended sites. The strength of our long-standing relationships, high levels of engagement and the visibility we were able to provide to our key suppliers allowed us to ensure continuity of supply with negligible disruption to volume delivery.
Local communities & the environment	**What that means**
• Engage through virtual public meetings • Miller Respect, a dedicated phone line per site for neighbours and the community to report concerns • Increased dialogue with planning officers and committees • Support for local and national charities • Volunteering is encouraged	As face-to-face engagement was difficult dedicated websites were established for public consultation and we increased our direct leafleting. We had improved dialogue with planning officers who had more time to engage. This improved the planning process, minimised concerns and encouraged direct communication with site teams. Regional businesses raised money for locally supported charities with funds raised matched by the Group.
Banks and funders	**What that means**
• Quarterly results published on our website, provide all interested parties including bondholders and relationship banks, with access to regular financial information • Quarterly result calls enabling dialogue with the CEO, CFO and bondholders • Regular contact between the CFO and key relationship banks in the Revolving Credit Facility (RCF) • Regular meetings with the main UK lending institutions • New financial sponsors, global private equity group, Apollo Funds (effective March 2022)	We provided regular and reassuring updates to our bondholders, rating agencies and RCF banks which reinforced the already strong relationship with our funders. During the year we redeemed £51m of floating rate notes. Apollo has deep housing expertise and we welcome their investment and confidence in our solid prospects for future growth and success.

Strategic report *(continued)*

Principal risks and uncertainties

Risk description and commentary	**Controls and mitigation**
Economic conditions, mortgage supply and rates	
Demand and prices for new homes are inextricably linked to consumer confidence which amongst other things is impacted by employment prospects, disposable incomes and the availability and cost of mortgages, particularly at higher loan to values. The housing market remained robust as evidenced by our sales rate which was ahead of both the prior year and pre pandemic levels. Selling prices were ahead of 2020. There has been a reduction in direct COVID-19 disruption to the economy however increased inflationary pressures may result in further interest rate rises from their historical low base.	Sales rates, cancellations, visitor numbers and prices are monitored weekly. Our land acquisition diligence considers local employment and affordability.
Availability of materials and subcontractors	
The ability to procure sufficient materials and skilled-labour to ensure build quality standards are maintained, build programmes are delivered and homes are built cost effectively. As a result of the pandemic, certain lead times have increased and we introduced new work practices. We acquired Walker Timber following the period end which gives us greater security of timber kit supply.	Around three quarters of housebuild materials are negotiated by the central procurement team ensuring cost certainty over a fixed period and continuity of supply. Subcontractors are managed at a regional level. Many of our subcontractor relationships are well established and long standing which mitigates the impact of labour and skill shortages as industry output increases. The level of EU subcontract labour is estimated at c5-10%.
Land availability	
The ability to secure the quantum of consented and strategic land in the appropriate locations and on terms which enable the Group's business plan to be delivered. The consented landbank is 3% higher than last year and is sufficient to deliver further growth in 2022 if the sales market remains favourable. We acquired Wallace Land during the year which greatly increases our strategic land pipeline.	We have established land acquisition hurdle rates for gross margin and ROCE which also underpin the strategic plan. The Chief Executive and Executive Chairman visit all sites prior to acquisition to ensure each site fits within the overall land strategy. All land acquisitions and new strategic land options are approved by the Executive Board. The Group has dedicated regional land teams for both current and strategic land. Regional success rates are reviewed at Group level to ensure sufficient bids and the reasons for unsuccessful bids.
Government regulation	
The Group must remain abreast of emerging government legislation and ensure it is implemented within the necessary timescales. The government has announced new building regulations to reduce carbon emissions, the creation of a New Homes Ombudsman and new leasehold regulations. It has also announced a new Residential Property Development Tax to help fund the cost of cladding rectification.	We participate in industry working groups to shape new legislation and to understand the government's perspective.

Strategic report *(continued)*

Risk description and commentary	**Controls and mitigation**
Attract and retain employees	
It is important that the Group retains and attracts high calibre and diverse employees in order to deliver on all aspects of our strategy. Having experienced remote working during the pandemic we have adopted a more flexible working from home policy going forward.	The Group's HR strategy addresses all aspects of reward, retention, training and development, as well as performance management. Staff roadshows, led by the Executive Chairman and Chief Executive, are undertaken annually. Staff engagement surveys and an independent review by Investors in People are undertaken on a triennial basis. The Group is committed to the Home Building Skills Pledge which champions diversity and inclusion and promotes the industry as inclusive and progressive, attracting employees to a positive career in homebuilding.
Availability of finance	
The Group requires access to adequate financial resources in order to meet its existing commitments and to deliver its strategic plan. The Group's cash balance is £161m at the year end, which is after repaying £202m of debt. Cash on balance sheet is supplemented by a £151m revolving credit facility.	Cash is managed by regular reforecasts. The Strategic plan covers a 5 year period, is updated annually and is supported by sensitivity analysis as a basis for longer term investment decisions. The secured notes have no financial covenants. The only financial condition is that the drawn RCF is limited to 47% of net inventory.
Safety, health and environmental (SHE)	
Breaches of SHE legislation can result in workplace injuries, environmental damage or physical damage to property. This could result in financial penalties, reputational damage and delays to site related activities. We continue to monitor our workplaces to ensure COVID-19 and ongoing compliance with our SHE procedures.	There is a 12 strong in-house SHE team all of whom are professionally qualified. The team is managed independently from our operational businesses under the guidance of our SHE Director who in turn reports directly to the Chief Executive. The Group has an approved SHE strategy with progress monitored regularly at Board level. Site operations are subject to monthly audits and SHE awareness tool-box talks are communicated to both staff and subcontractors.
IT	
The key IT risks relate to data breaches and system outages (including our website) which could result in both financial and reputational damage. In addition, to maximise business performance it is important for our employees to have access to all critical systems regardless of their place of work. IT risk remains high and we continue to focus on giving employees the ability to work effectively from home.	Quarterly security reviews are performed by external consultants. The Group endeavours to use the latest software versions to reduce the risk of successful cyber-attacks. Full backup and system recovery is in place as part of the wider Disaster Recovery plan which is tested annually.
Pensions	
The pension obligation could fluctuate due to changes in longevity assumptions, bond yields or asset values. We made an additional special contribution of £13m during the period and the pension scheme now shows a surplus of £7m.	The Group's defined benefit scheme was closed to new entrants in 1997 and to future accrual in 2010. The investment strategy adopted seeks to reduce volatility and results in a liability hedge of around 70%.

Key performance indicators

Selected financial and non-financial indicators which relate to our key business objectives are documented within our Strategic report and are presented below:

		2021	2020	Movement
Core completions (units)		**3,775**	2,544	+48%
ASP (£000)	(i)	**275**	261	+5%
Gross margin (%)	(ii)	**25.0%**	23.6%	+140bps
Operating margin (%)	(iii)	**19.5%**	17.3%	+220bps
ROCE (%)	(iv)	**34.4%**	19.7%	+1,470bps
Consented landbank (plots)	(v)	**15,169**	14,667	+3%
Customer satisfaction (%)	(vi)	**92%**	93%	-100bps
SHE (Accident Incident rate / 100,000 persons)	(vii)	**535**	454	+18%

(i) This represents revenues from new home sales divided by the number of core completions. It measures movements in revenues per plot caused by either house price inflation or mix changes.

(ii) This represents gross profit excluding exceptional items divided by revenue. It measures the Group's underlying profitability before administrative expenses.

(iii) This represents operating profit excluding exceptional items divided by revenue. It measures the Group's underlying profitability after administrative expenses.

(iv) This represents operating profit excluding exceptional items expressed as a percentage of average capital employed. Average capital employed is the average of the opening and closing balances of capital employed, excluding intangible assets and the related deferred tax.

(v) This non-financial KPI represents owned and controlled landbank. Owned land is where title has been acquired or if purchase is by way of conditional contract, the conditions have been satisfied. Controlled land is where an option has been secured which has at least an outline planning consent or where a conditional contract is yet to be satisfied.

(vi) This non-financial KPI represents an external assessment, performed by the NHBC, which measures overall satisfaction of our customers in respect of both the quality of their new home and the service provided.

(vii) This non-financial KPI represents the total number of accidents reportable under RIDDOR as expressed per 100,000 employees and subcontractors.

Julie M Jackson
Company Secretary
6th April 2022

Directors' report

The Directors of Miller Homes Group Holdings PLC have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The Company is a holding company. The principal business of the Group was residential housebuilding.

Business review and Results

The operations of the Group and its principal risks and uncertainties and relevant key performance indicators are reviewed in detail in the Strategic report.

The Group profit after taxation for the financial year amounted to £114.6 million (*2020: £47.6 million*). No dividend will be paid.

Going concern

The Directors have prepared cashflow forecasts, which take into account reasonable sensitivities, in order to assess the future funding requirements of the Group and its committed finance facilities. After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Directors

The Directors who held office during the year and at the date of this report are as follows:

Chris Endsor
Stewart Lynes
Ian Murdoch
Julie Jackson
Scott Chamberlin
Danny O'Connor
Warren Thompson

Corporate Governance

The Directors recognise the importance of good Corporate Governance and operate on a basis which reflects the size, risks and complexities of the business, in accordance with its values as described below.

Executive Board

The Company operates an Executive Board which is led by the Chief Executive. During the year the Executive Board comprises the Chief Operating Officer, Chief Financial Officer, Legal Director, HR Director and the divisional Managing Directors. The Group considers these individuals possess the necessary experience and detailed industry knowledge to discharge their duties as Directors.

The Directors consider they have appropriate and sufficient contact with employees of the business. The Executive Board met ten times in 2021 with functional heads of Sales and Marketing, Procurement, IT, SHE and HR presenting operational reports on a regular basis on performance of service functions.

The Executive Board is responsible to shareholders for the implementation of strategy and promoting the long-term success of the Group. Its principal responsibilities include financial management, governance controls, risk management, compliance and cultural direction. It has a regular agenda which ensures its responsibilities are addressed and, if necessary, revised throughout the year. Papers are compiled and issued prior to meetings and written minutes are circulated by the Company Secretary.

The Group operates within a framework of policies which are available to all members of staff on its internal website. Its principal policies are: Anti-Bribery; Modern Slavery; Equality; Fraud Prevention; Data Protection and Safety; Health & Environment. The Company Secretary holds registers of compliance with the policies and training is provided to enhance employee awareness.

Additionally, the Executive Board is responsible for evaluating significant risks to the business. A rigorous evaluation process is carried out twice yearly. Over the last 12 months the view of the Directors is that the macro-economic conditions remain the greatest risk to the business and this risk has increased over the last 12 months due to increasing pressures on the cost of living. A detailed analysis of risk is provided on pages 16-17.

Holding Company Board

In addition to the Executive Board, the Group has a Holding Company Board which met 10 times in 2021. The Holding Company Board comprises the Chief Executive, Chief Financial Officer, Chief Operating Officer and General Counsel, Patrick Fox and Jamie Wyatt who are non-executive shareholder Directors from Bridgepoint and an independent Non-Executive Chairman, John White, who has extensive experience of the homebuilding industry. The Holding Company Board is considered to have oversight of the Company and the wider Group.

Its main subcommittees are:

Land Approval Committee
The Land Approval Committee has delegated authority to approve certain land acquisitions, contracts, investments and capital expenditure over defined limits. During the year the committee comprised the Chairman of the Holding Company, a Bridgepoint Director and the Chief Executive.

Remuneration Committee
The Remuneration Committee which, during the year, comprised the Chairman of the Holding Company and a Bridgepoint Director, was chaired by John White and met once in 2021. Recommendations are made to the Holding Company Board on all aspects of remuneration, benefits and employment conditions.

Audit Committee
The Audit Committee considers and makes recommendations regarding the integrity of the financial statements of the Group; the effectiveness of internal controls and risk management and the internal and external audit process. The committee, which during the year comprised the Non Executive Directors, was chaired by Patrick Fox and met twice during 2021.

Control
The Group's ultimate holding company is Miller Homes Group Limited, which is controlled by Bridgepoint through BEV Nominees Limited, as nominee for the Funds managed by Bridgepoint Advisers Limited. Bridgepoint is an international fund management group focusing on private equity.

Following the year end the Company was acquired by funds controlled by Apollo as explained more fully in note 32.

Employees
It is recognised that the culture of the business is extremely important to attract high calibre individuals. Equal opportunities and diversity is promoted throughout the business to ensure that all employees are treated in a non-discriminatory manner at all stages of their employment, including recruitment and selection, rewards, training and career development. The Equality and Diversity policy ensures that all employees are treated equally and fairly with no discrimination in respect of age, disability, religious belief, sexual orientation, race, colour, marital status, political belief or nationality. Female employees represented 30% (2020: 31%) of total employees and 23% (2021: 23%) of directors and senior management.

The Group's objective is to attract and retain the best people and ensure they are recognised and rewarded for their contribution. It is committed to engaging with staff across the business and undertakes annual roadshows in each regional business. This is an open forum which provides an opportunity for staff to be more informed on business performance and medium-term objectives. Importantly, it allows each area of the business to understand their contribution and sets expectations for the forthcoming year. Staff engagement is monitored using external independent assessments which are undertaken on a triennial basis. The latest employee survey showed 93% staff engagement.

Corporate responsibility
The Group's ethos is not only to build high quality homes but to do so safely and ethically in a manner which respects the local environment and the rights and dignity of all people with whom we engage, including our customers, employees, sub-contractors, local residents and other stakeholders. Established human rights policies are in place to ensure compliance with areas such as diversity, whistleblowing and the requirements of the Modern Slavery Act 2015. The Group is also committed to the highest standards of ethical conduct and integrity in its business activities. The Group believes that a zero tolerance approach to bribery will deliver reputational benefits and maintain our established reputation with customers, suppliers and sub-contractors.

Supplier payment policy
It is Group policy to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of contract. We also subscribe to the Prompt Payment Code.

Guidelines for disclosure and transparency in Private Equity
The Directors consider that the annual report and financial statements have been prepared in accordance with the Guidelines for Disclosure and Transparency in Private Equity.

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 Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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
Company Secretary
6th April 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework.*

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLER HOMES GROUP HOLDINGS PLC

1 Our opinion is unmodified

We have audited the financial statements of Miller Homes Group Holdings PLC ("the Company") for the year ended 31 December 2021 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity, Statements of financial position, Consolidated cash flow statement, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The Risk	**Our Response**
Group Valuation of Land and work in progress and Site Margins Land and work in progress: £891.1m (2020: £802.4m) Gross margin: £256.1m (2020: £152.4m) Risk direction: unchanged	**Subjective Estimate** The gross profit recognised on current sites and the carrying value of land held for development and work in progress is reliant on the Group's forecasts of the future selling price and the build costs, both of which are uncertain and can vary with market conditions.	**Our procedures included:** • **Tests of control**: Assessing the design and implementation of the Group's processes upon which gross margin is based. • **Tests of detail:** For a sample of sites with unit sales during the year comparing the gross margin recognised to the latest site end outturn and challenging whether differences in margin recognised are supported by changes in outturns. This includes corroborating explanations received from management in respect of valuations to underlying documentation where appropriate. • **Historical comparisons:** Comparing budgeted and latest site outturns to assess the Group's ability to accurately forecast. • **Benchmarking assumptions:** Challenging judgements made by management on site outturns based on our knowledge of the Group and the industry. **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the degree of estimation involved in calculating the gross margin and carrying value of land and work in progress.
Parent Company Valuation of Investment £537.4m	**Forecast-based valuation** There is a possibility that the carrying value of investments is not supported by either the net assets or forecast	**Our audit approach included:** • **Historical comparisons:** Comparing budgeted and latest company information to assess the Group's ability to accurately forecast. • **Sensitivity analysis:** Performing sensitivity analysis on the assumptions utilised in forecasting information.

(2020: £537.4m) Risk direction: unchanged	profitability of the underlying entities.	• **Assessing Transparency**: We assessed the adequacy of the related disclosures in the financial statements.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £6.4m (2020: £4.75m), determined with reference to a benchmark of Group profit before tax, of which it represents 4.39% (2020: 4.97% of the average of the previous 3 years profit before tax).

Materiality for the parent Company financial statements as a whole was set at £3.35m (2020: £2.75m), determined with reference to a benchmark of Company total assets, of which it represents 0.51% (2020: 0.55%).

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £4.8m (2020: £3.5m) for the Group and £2.51m (2020: £2m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £320,000 (2020: £237,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's and company's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of directors, the audit committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment of goodwill and the brand and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue transactions are sufficiently non complex and the point at which revenue can be recognized is sufficiently free from judgement that the risk of a material misstatement within revenue in relation to fraud is acceptably low.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries which move cost from the profit and loss account into inventory on the balance sheet and journal posted after the financial close date.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

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.

BMarks.

Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG
8th April 2022

Consolidated income statement

for the year ended 31 December 2021

	Note	**Pre exceptional items 2021 £m**	**Exceptional items *(note 2)* 2021 £m**	**Total 2021 £m**	Pre exceptional items 2020 £m	Exceptional items *(note 2)* 2020 £m	Total 2020 £m
Revenue	*3*	**1,045.8**	**-**	**1,045.8**	664.8	-	664.8
Cost of sales		**(784.2)**	**(5.5)**	**(789.7)**	(508.1)	(4.3)	(512.4)
Gross profit		**261.6**	**(5.5)**	**256.1**	156.7	(4.3)	152.4
Administrative expenses		**(61.6)**	**(5.4)**	**(67.0)**	(45.6)	-	(45.6)
Other operating income	*3*	**1.0**	**-**	**1.0**	1.3	-	1.3
Group operating profit		**201.0**	**(10.9)**	**190.1**	112.4	(4.3)	108.1
Share of profit in joint ventures	*12*	**2.6**	**-**	**2.6**	2.4	-	2.4
Operating profit	*2*	**203.6**	**(10.9)**	**192.7**	114.8	(4.3)	110.5
Finance costs	*6*	**(48.2)**	**-**	**(48.2)**	(51.2)	-	(51.2)
Finance income	*7*	**0.7**	**-**	**0.7**	0.8	-	0.8
Net finance costs		**(47.5)**	**-**	**(47.5)**	(50.4)	-	(50.4)
Profit before taxation		**156.1**	**(10.9)**	**145.2**	64.4	(4.3)	60.1
Income taxes	*8*	**(32.7)**	**2.1**	**(30.6)**	(13.3)	0.8	(12.5)
Profit for the year		**123.4**	**(8.8)**	**114.6**	51.1	(3.5)	47.6

The notes on pages 31 to 59 form part of these financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	2021 £m	2020 £m
Profit for the year	**114.6**	47.6
Items that will not be reclassified to profit or loss:		
Actuarial gain/ (loss) on retirement benefit obligations	**4.5**	(1.4)
Deferred tax (charge)/ credit on actuarial gain/loss	**(1.6)**	0.3
Total comprehensive income for the year attributable to owners of the parent	**117.5**	46.5

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Share capital £m	**Retained earnings £m**	**Total £m**
Balance at 31 December 2019	151.0	181.1	332.1
Profit for the year	-	47.6	47.6
Actuarial loss on retirement benefit obligations (net of deferred tax)	-	(1.1)	(1.1)
Balance at 31 December 2020	**151.0**	**227.6**	**378.6**
Profit for the year	**-**	**114.6**	**114.6**
Actuarial gain on retirement benefit obligations (net of deferred tax)	**-**	**2.9**	**2.9**
Balance at 31 December 2021	**151.0**	**345.1**	**496.1**

Company statement of changes in equity
for the year ended 31 December 2021

	Share capital £m	**Retained earnings £m**	**Total £m**
Balance at 31 December 2019	151.0	15.3	166.3
Loss for the year	-	(39.2)	(39.2)
Balance at 31 December 2020	**151.0**	**(23.9)**	**127.1**
Profit for the year	**-**	**171.6**	**171.6**
Balance at 31 December 2021	**151.0**	**147.7**	**298.7**

The notes on pages 31 to 59 form part of these financial statements.

Statements of financial position

As at 31 December 2021

	Note	**Group 2021 £m**	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Non-current assets					
Intangible assets	*10*	**155.5**	146.2	**-**	-
Property, plant and equipment	*11*	**6.5**	1.5	**-**	-
Right-of-use assets	*20*	**6.7**	6.6	**-**	-
Investments	*12*	**4.1**	10.3	**537.4**	537.4
Shared equity loan receivables	*13*	**4.6**	7.0	**-**	-
Trade and other receivables	*16*	**-**	-	**114.6**	112.2
Retirement benefit obligations	*29*	**7.2**	-	**-**	-
		184.6	171.6	**652.0**	649.6
Current assets					
Inventories	*15*	**891.4**	808.6	**-**	-
Trade and other receivables	*16*	**38.0**	22.2	**6.4**	6.0
Cash and cash equivalents	*24*	**161.0**	242.8	**51.0**	65.3
		1,090.4	1,073.6	**57.4**	71.3
Total assets		**1,275.0**	1,245.2	**709.4**	720.9
Non-current liabilities					
Loans and borrowings	*18*	**(402.4)**	(588.2)	**(402.4)**	(588.2)
Trade and other payables	*17*	**(59.0)**	(44.5)	**-**	-
Lease liabilities	*20*	**(5.1)**	(5.0)	**-**	-
Deferred tax	*14*	**(9.9)**	(2.3)	**-**	-
Retirement benefit obligations	*29*	**-**	(13.8)	**-**	-
Provisions and deferred income	*19*	**(12.8)**	(2.7)	**-**	-
		(489.2)	(656.5)	**(402.4)**	(588.2)
Current liabilities					
Trade and other payables	*17*	**(287.8)**	(208.4)	**(8.3)**	(5.6)
Lease liabilities	*20*	**(1.9)**	(1.7)	**-**	-
		(289.7)	(210.1)	**(8.3)**	(5.6)
Total liabilities		**(778.9)**	(866.6)	**(410.7)**	(593.8)
Net assets		**496.1**	378.6	**298.7**	127.1
Equity					
Share capital	*21*	**151.0**	151.0	**151.0**	151.0
Retained earnings		**345.1**	227.6	**147.7**	(23.9)
Total equity attributable to owners of the parent		**496.1**	378.6	**298.7**	127.1

The notes on pages 31 to 59 form part of these financial statements. These financial statements were approved by the board of Directors on 6th April 2022 and were signed on its behalf by:

Ian Murdoch

Ian Murdoch
Director

Chris Endsor
Director

Company registered number: 10854458

Consolidated cash flow statement

for the year ended 31 December 2021

	Note	**2021 £m**	2020 £m
Cash flows from operating activities			
Profit for the period		**114.6**	47.6
Adjustments for:			
Depreciation		**2.4**	2.7
Finance income		**(0.7)**	(0.8)
Finance cost		**48.2**	51.2
Share of post-tax profit from joint ventures		**(2.6)**	(2.4)
Taxation		**30.6**	12.5
Operating profit before changes in working capital		**192.5**	110.8
Working capital movements:			
Movement in trade and other receivables		**(9.7)**	0.3
Movement in inventories		**(66.9)**	21.3
Movement in trade and other payables		**83.9**	(48.5)
Cash generated from operations		**199.8**	83.9
Interest paid		**(26.3)**	(24.8)
Corporation tax paid		**(26.9)**	(12.2)
Net cash inflow from operating activities		**146.6**	46.9
Cash flows from investing activities			
Acquisition of Wallace Land		**(17.2)**	-
Acquisition of Walker Timber		**(18.1)**	-
Acquisition of property, plant and equipment		**(0.6)**	(0.7)
Movement in loans with / distributions from joint ventures		**8.8**	7.7
Net cashflow from investing activities		**(27.1)**	7.0
Cash flows from financing activities			
(Repayment) / issue of senior secured notes	*24*	**(51.0)**	49.1
Repayment of shareholder loan notes		**(150.9)**	-
Net cashflow from financing activities		**(201.9)**	49.1
Net increase in cash and cash equivalents	*24*	**(82.4)**	103.0
Cash acquired with Wallace Land		**0.6**	-
Cash and cash equivalents at beginning of year		**242.8**	139.8
Cash and cash equivalents at end of year	*24*	**161.0**	242.8

The notes on pages 31 to 59 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Miller Homes Group Holdings PLC (the "Company") is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 10854458 and the registered address is 2 Centro Place, Pride Park, Derby, DE24 8RF.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Parent Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- A cash flow statement and related notes;
- Comparative period reconciliations;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

As permitted by Section 408 of the Companies Act 2006 the income statement of the Parent Company is not presented.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of shared equity loan receivables which are stated at their fair value.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and all its subsidiary undertakings at the reporting date. The results of subsidiary undertakings acquired or disposed of during the year are included in the financial statements from or to the effective date of acquisition or disposal.

1.3 Going concern

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

These projections take into account the changes to the funding facilities available to the Group following its acquisition on 31st March 2022 by Castle UK Bidco Limited. As part of the transaction the existing £404m of senior secured notes were repaid and funding of £815m put in place for the new Group. The existing revolving credit facility has also been replaced by a new £180m revolving credit facility, which is committed until 30th September 2027.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

1.4 Jointly controlled entities (equity accounted investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and require unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated financial information includes the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost less allowances for impairment and expected credit losses. Contract work in progress is shown within trade and other receivables as amounts recoverable on contracts and is stated at cost incurred plus attributable profit, less amounts transferred to the income statement, after deducting foreseeable losses and payments on account not matched with revenue. Where payments on account exceed the value of work certified at the balance sheet date this is shown within trade and other payables.

Trade and other payables

Trade and other payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land payables, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Brand value indefinite life

The fair value on acquisition has been calculated based on an external valuation of the brand.

1.7 Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment: 3-10 years
- Property: 25 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.9 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes *(continued)*

1 Accounting policies (continued)

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value in relation to land and work in progress is assessed by taking account of estimated selling price less all estimated costs of completion. Land purchased on deferred payment terms is recorded at fair value. Any difference between fair value and the amount which will ultimately be paid is charged as a finance cost in the income statement over the deferral period.

The purchase and subsequent sale of part exchange properties is an activity undertaken in order to achieve the sale of a new property. As such, the activity is regarded as a mechanism for selling.

Accordingly, impairments and gains and losses on the sale of part exchange properties are classified as other operating income, with the sales proceeds of part exchange properties not being included in revenue.

1.11 Shared equity loan receivables

Receivables on extended terms granted as part of a sales transaction are secured by way of a legal charge on the relevant property, categorised as shared equity loan receivables and are stated at fair value as described in note 13. Gains and losses arising from changes in fair value are recognised directly in the income statement.

1.12 Impairment excluding inventories and deferred tax assets

For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units (“CGU”).

For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The Group participates in The Miller Group Limited Group Personal Pension Plan, a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit plans

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of comprehensive income, actuarial gains and losses. The scheme was closed to future accrual in 2010.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.15 Revenue and profit recognition

Revenue principally represents the amounts (excluding value added tax) derived from the sale of new homes, affordable housing contracts and land. Revenue from new home sales represents the selling price for the unit, net of any cash incentives, and is recognised on legal completion and receipt of cash. Profit is recognised on a per completion basis, by reference to the remaining margin forecast across the development. Revenue from affordable housing contracts is recognised, either in line with the stage of completion, or on physical completion depending upon contract terms. Revenue from land sales is recognised on legal completion.

Notes *(continued)*

1.16 Expenses

Leases

The Group applies IFRS 16 'Leases' using the modified retrospective approach allowed under the standard.

For contracts entered into on or after 1 January 2019, the Group assesses at inception whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessment includes whether:
– the contract involves the use of an identified asset;
– the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and
– the Group has the right to direct the use of the asset.

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate or the interest rate inherent in the lease. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability is re-measured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Right-of-use assets are presented within non-current assets on the face of the balance sheet, and lease liabilities are shown separately on the balance sheet in current liabilities and non-current liabilities depending on the length of the lease term.

The Group did not act as a lessor under any arrangement in the current or prior year.

Notes *(continued)*

1.16 Expenses (continued)

Finance income and cost

Finance costs comprise interest payable on senior secured notes, bank loans and amounts owed to Group undertakings, the unwinding of the discount from nominal to present day value of trade payables on extended terms (land payables), imputed interest on leases and interest on retirement benefit obligations. Finance income comprises the unwind of the discount from nominal to present day value of trade receivables on extended terms (land debtors) and interest on loans to joint ventures.

Interest income and interest payable is recognised in profit or loss as it accrues. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

1.17 Taxation

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

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.18 Segmental reporting

The Directors regularly review the Group's performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the Directors assess performance and allocate resources at this level. All of the divisions have been aggregated in to one reporting segment on the basis that they share similar economic characteristics including:

- National supply agreements are in place for key inputs including materials;
- Debt is raised centrally and the cost of capital is the same at each division; and
- Sales demand at each division is subject to the same macro-economic factors, such as mortgage availability and government policy

As there continues to be only one reportable segment whose revenue, profits, expenses, assets, liabilities and cash flows are measured and reported on a basis consistent with the Group financial statements, no additional numeric disclosures are necessary.

Additional information on average selling prices and unit sales split between customer type has been included in the Strategic report. The Directors do not, however, consider these categories to be separate reportable segments as they review the entire operations at a consolidated and divisional level when assessing performance and making decisions about the allocation of resources.

Notes *(continued)*

1.19 Adopted IFRS not yet applied

There are no new IFRSs or interpretations that have been issued but have not been applied in these financial statements that are expected to have a material effect on the financial statements.

2 Operating profit

Operating profit is stated after charging the following:

	2021	2020
	£m	£m
Depreciation:		
Depreciation on owned assets	**0.6**	0.6
Right-of-use asset depreciation	**1.8**	2.1
	2.4	2.7
Exceptional items:		
Non-productive costs (charged to cost of sales)	**-**	4.3
Remediation costs (charged to cost of sales)	**5.5**	-
Strategic review costs (charged to administrative expenses)	**5.4**	-
	10.9	4.3

In the current year exceptional items represent expected remediation costs in relation to a small number of legacy high rise apartment scheme developments together with costs incurred by the Group in relation to its future strategic direction. In the prior year exceptional items represented non-productive site labour costs incurred during the first national lockdown in the second quarter of 2020.

	2021	2020
	£000	£000
Auditor's remuneration:		
Audit of the Group's financial statements	**50**	31
Audit of financial statements of subsidiaries and joint ventures pursuant to legislation	**200**	125
Other services relating to taxation	**1**	15
All other services	**35**	29

Notes *(continued)*

3 Revenue and other operating income

The Group generates revenue primarily from the sale of new build homes. Other sources of revenue are land sales and timber kit sales.

	2021 £m	2020 £m
Major product lines		
Sale of new build homes	**1,036.4**	663.5
Land sales	**7.7**	1.3
Other revenue	**1.7**	-
	1,045.8	664.8
Timing of revenue recognition		
Products transferred at a point in time	**930.4**	602.3
Products transferred over time	**115.4**	62.5
	1,045.8	664.8

The following table provides information about balances arising from contracts with customers.

	2021 £m	2020 £m
Receivables included in trade receivables	**11.3**	2.4
Receivables included in amounts recoverable on contracts	**1.3**	1.3
Payables included within other creditors	**(24.4)**	(17.6)

Amounts included in trade receivables relate to work billed but not paid on Housing Association and timber kit contracts. Amounts recoverable on contracts represent amounts receivable but not yet billed at the year end. Amounts included within other creditors represent advance consideration received from customers on Housing Association contracts and customer deposits. The amount of £17.6m shown within other creditors last year was included in revenue in the current year.

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date:

2023 £m	**2024 £m**	**2025 £m**	**2026 onwards £m**
42.7	35.4	8.9	2.1

No information is provided about remaining performance obligations at 31 December 2021 that have an expected duration of one year or less, as allowed by IFRS 15.

Other operating income

Other operating income includes the profit or loss on the sale of part exchange properties and management fees on joint ventures. Part exchange properties costing £9.7m (2020: £36.0m) were acquired and part exchange properties with a value of £16.8m (2020: £52.2m) were sold.

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	2021	2020
Production	**441**	425
Sales	**156**	139
Administration	**466**	443
	1,063	1,007

The aggregate payroll costs of these persons were as follows:	**2021** **£m**	2020 £m
Wages and salaries	**69.8**	53.7
Social security costs	**7.9**	5.7
Pension costs	**3.6**	3.8
	81.3	63.2

5 Remuneration of key management

Key management comprises the eight (2020: eight) members of the Executive Board as they are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Retirement benefits accrued to eight (2020: eight) members of key management under money purchase schemes. Key management remuneration, including Directors, comprised:

	2021 **£m**	2020 £m
Salary and other benefits	**2.4**	2.6
Annual bonus	**3.0**	-
Other pension costs	**0.1**	0.1
	5.5	2.7

In respect of the Directors who held office during the period, Directors' remuneration comprised:

	2021 **£m**	2020 £m
Salary and other benefits	**2.3**	2.1
Annual bonus	**2.9**	-
Other pension costs	**0.1**	0.1
	5.3	2.2

The aggregate emoluments of the highest paid Director was £1,192,000 (2020: £534,000) and contributions of £4,000 (2020: £5,000) were paid to a money purchase scheme on his behalf. Retirement benefits are accruing to 4 (2020: 4) Directors under money purchase schemes.

Notes *(continued)*

6 Finance costs

	2021 £m	2020 £m
Interest payable on senior secured notes, loans and overdrafts	**35.8**	29.2
Interest payable on amounts owed to immediate Parent Company	**6.4**	13.1
Imputed interest on land payables on deferred terms	**5.7**	8.3
Finance costs related to retirement benefit obligations	**-**	0.3
Imputed interest on lease liabilities	**0.3**	0.3
	48.2	51.2

7 Finance income

	2021 £m	2020 £m
Imputed interest on land sale receivables	**0.3**	0.1
Interest on loans to joint ventures	**0.1**	0.3
Other interest	**0.3**	0.4
	0.7	0.8

8 Income taxes

	2021 £m	2020 £m
Current tax charge:		
Current year	**(27.8)**	(4.6)
Prior years	**0.3**	(0.5)
	(27.5)	(5.1)
Deferred tax charge:		
Current year	**(3.1)**	(7.9)
Prior years	**-**	0.5
	(3.1)	(7.4)
Total tax charge	**(30.6)**	(12.5)

Reconciliation of effective tax rate:

	2021	2020
Profit before tax	**145.2**	60.1
Tax using the UK corporate tax rate of 19%	**(27.6)**	(11.4)
Effects of:		
Permanent differences	**(1.3)**	(1.3)
Change of rate	**(2.5)**	-
Adjustment in respect of prior years	**0.3**	(0.2)
Adjustment in respect of joint ventures	**0.5**	0.4
Total charge for the year	**(30.6)**	(12.5)

A rate of 19% is applied to deferred tax except for temporary differences that are expected to reverse after the 25% rate becomes effective in April 2023 (2020: 19%).

As well as the increase in the corporation tax rate, the government has announced the introduction of a Residential Property Development Tax that will apply to housebuilding activities from April 2022 at a rate of 4%. This will have a consequential effect on the future tax charge. If this additional tax had been substantively enacted at the current balance sheet date the deferred tax liability would have reduced by £0.2m.

Notes *(continued)*

9 Dividends

There were no dividends to equity shareholders in the year ended 31 December 2021 (2020: £nil).

10 Intangible assets

Group	**Goodwill £m**	**Brand value £m**	**Total £m**
Cost and net book value			
Balance at 31 December 2019 and 2020	92.2	54.0	146.2
Additions (*note 30*)	9.3	-	9.3
Balance at 31 December 2021	**101.5**	**54.0**	**155.5**

Amortisation and impairment

Intangible assets are deemed to have an indefinite economic life therefore are not amortised. Their carrying values are tested for impairment at least annually. The latest impairment review was performed at December 2021. The recoverable amount is determined using a 'value in use' calculation with key assumptions being discount rate, growth rate and projected gross margin. A pre tax discount rate of 7% is used reflecting the Group's risk adjusted WACC. Other assumptions are based upon expectations of future performance. The values used are consistent with the Group's forecasts for future years. The Directors believe these assumptions are appropriate and sensitivity analysis indicates that changes in the key assumptions would maintain a reasonable amount of headroom over the carrying value.

11 Property, plant and equipment

Group	**Property £m**	**Plant and equipment £m**	**Total £m**
Cost			
Balance at 31 December 2019	-	3.6	3.6
Additions	-	0.7	0.7
Balance at 31 December 2020	-	4.3	4.3
Additions	-	0.6	0.6
Acquisitions	4.5	2.6	7.1
Balance at 31 December 2021	**4.5**	**7.5**	**12.0**
Accumulated depreciation			
Balance at 31 December 2019	-	2.2	2.2
Charge for the year	-	0.6	0.6
Balance at 31 December 2020	-	2.8	2.8
Acquisitions	-	2.1	2.1
Charge for the year	-	0.6	0.6
Balance at 31 December 2021	**-**	**5.5**	**5.5**
Net book value			
Balance at 31 December 2021	**4.5**	**2.0**	**6.5**
Balance at 31 December 2020	-	1.5	1.5

Notes *(continued)*

12 Investments

	Group 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Investment in joint ventures	**4.1**	10.3	**-**	-
Investment in subsidiaries	**-**	-	**537.4**	537.4
	4.1	10.3	**537.4**	537.4

Group	**2021 £m**	2020 £m
Investment in joint ventures:		
At start of year	**10.3**	15.6
Share of profits	**2.6**	2.4
Distributions	**(8.0)**	(3.6)
Movement in shareholder loans	**(0.8)**	(4.1)
At end of year	**4.1**	10.3

Joint ventures

The Group has an interest in 4 active joint ventures, Miller Wates (Southwater) Limited, Miller Wates (Chalgrove) Limited, Miller M2 (Maddiston) Limited and Miller M2 (Kirkcaldy) Limited. It holds 50% of the ordinary share capital of each and all are incorporated in the UK and engage in the principal activity of residential housebuilding. The Group's share of assets and liabilities of joint ventures is shown below:

	2021 £m	2020 £m
Current assets	**6.4**	17.7
Current liabilities	**(5.8)**	(11.7)
Loans provided to joint ventures	**3.5**	4.3
	4.1	10.3

The Group's share of joint venture income and expenses during the year (before tax) is shown below:

	2021 £m	2020 £m
Income	**14.5**	15.3
Expenses	**(11.3)**	(12.4)
	3.2	2.9

Notes *(continued)*

12 Investments *(continued)*

The subsidiary undertakings that are significant to the Group and traded during the year are set out below:

	Nature of business
Subsidiary undertakings:	
Miller Homes Holdings Limited	Residential housebuilding
Miller Homes Limited	Residential housebuilding
Miller Framwellgate Limited	Residential housebuilding
Walker Timber Limited	Timber kit supply and erection

Each is incorporated in the United Kingdom and the Group owns 100% of the ordinary share capital.

13 Shared equity loan receivables

Group	**2021 £m**	2020 £m
At start of period	**7.0**	8.9
Redemptions (net of fair value movements)	**(2.4)**	(1.9)
At end of period	**4.6**	7.0

Shared equity loan receivables comprise loans which were granted as part of sales transaction under the Group's Miway scheme and the Government's HomeBuy Direct and First Buy shared equity schemes. They are secured by way of a second ranking legal charge on the related property. The assets are recorded at fair value, being the estimated future amount receivable by the Group, discounted to present day values. The fair value of anticipated cash receipts takes into account the Directors' view of future house price movements, the expected timing of receipts, and the likelihood that a purchaser defaults on repayment. The Directors review the future anticipated receipts from the assets at the end of each financial year. Credit risk, which the Directors currently consider to be mitigated through holding a second legal charge over the assets, is accounted for in determining fair values and appropriate discount factors are applied. The Directors review the financial assets for impairment at each balance sheet date. The Directors expect an average maturity profile between 5 and 10 years from the balance sheet date.

14 Deferred tax

Group	**Trading losses £m**	**Retirement benefit obligations £m**	**Capital allowances £m**	**Other temporary differences £m**	**Other intangibles £m**	**Total £m**
At 31 December 2019	7.9	3.0	0.2	2.9	(9.2)	4.8
Other comprehensive income charge	-	0.3	-	-	-	0.3
Income statement charge	(5.4)	(0.6)	(0.1)	(0.2)	(1.1)	(7.4)
At 31 December 2020	2.5	2.7	0.1	2.7	(10.3)	(2.3)
Acquisitions	-	-	-	(2.9)	-	(2.9)
Other comprehensive income charge	-	(1.6)	-	-	-	(1.6)
Income statement charge	(2.5)	(3.6)	-	6.2	(3.2)	(3.1)
At 31 December 2021	**-**	**(2.5)**	**0.1**	**6.0**	**(13.5)**	**(9.9)**

Notes *(continued)*

15 Inventories

Group	**2021** **£m**	2020 £m
Land	**569.5**	490.6
Work in progress	**321.6**	311.8
Part exchange properties	**0.3**	6.2
	891.4	808.6

Land and work in progress recognised as cost of sales amounted to £796.8m (2020: £509.7m). The write-down of stocks to net realisable value in the year amounted to £0.4m (2020: £1.4m).

16 Trade and other receivables

Current:	**Group 2021 £m**	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Trade receivables	**23.0**	7.4	**-**	-
Amounts recoverable on contracts	**1.3**	1.3	**-**	-
Amounts owed by ultimate Parent Company	**6.0**	6.0	**6.0**	6.0
Other receivables	**5.6**	6.0	**0.4**	-
Prepayments and accrued income	**2.1**	1.5	**-**	-
	38.0	22.2	**6.4**	**6.0**

	Group 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Non-current:				
Amounts owed by subsidiary undertakings	**-**	-	**114.6**	**112.2**

Notes *(continued)*

17 Trade and other payables

Current:	**Group 2021 £m**	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Trade payables	**112.2**	90.9	**-**	-
Other payables	**30.8**	26.0	**-**	-
Land payables	**85.3**	54.4	**-**	-
Corporation tax	**1.2**	0.3	**-**	-
Accruals and deferred income	**58.3**	36.8	**8.3**	5.6
	287.8	208.4	**8.3**	5.6

	Group 2021 £m	Group 2020 £m
Non-current:		
Land payables	**59.0**	44.5

The Group undertakes land purchases on deferred terms. The deferred creditor is recorded at fair value being the price paid for the land discounted to the present day value. The difference between the nominal and initial fair value is amortised over the deferred period and charged to finance costs, increasing the land creditor to its full cash settlement value on the payment date. The maturity profile of the total contracted cash payments in respect of land creditors is as follows:

	Balance £m	Total contracted cash payment £m	Due less than 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m
As at 31 December 2021	**144.3**	**153.5**	**85.3**	**55.2**	**13.0**
As at 31 December 2020	98.9	104.8	54.4	33.6	16.8

Notes *(continued)*

18 Interest bearing loans and other borrowings

	Group 2021 £m	Group 2020 £m
Non-current:		
Senior secured notes (net of deferred financing costs)	**402.4**	443.7
Amounts owed to immediate parent undertaking	**-**	144.5
	402.4	588.2

Senior secured notes
Analysis of debt:

Floating Rate Notes (at Libor plus 5.25%) due 2023	**-**	51.0
Fixed Notes at 5.5% due 2024	**404.0**	404.0
Deferred financing costs	**(1.6)**	(11.3)
	402.4	443.7

The senior secured notes are secured by a debenture and floating charge over the assets of the Group and a pledge over the shares of certain of its principal subsidiaries. During the year £51m of Floating Rate Notes were repaid. Following the year end the Fixed Notes were repaid as explained in note 32.

Amounts owed to immediate parent undertaking
The amounts owed to immediate parent undertaking were fully repaid during the year.

19 Provisions and deferred income

Group	**Property £m**	**Other £m**	**Total £m**
At start of year	1.3	1.4	2.7
Reclassified from accruals and deferred income	-	4.3	4.3
Created in year	0.3	5.5	5.8
At end of year	**1.6**	**11.2**	**12.8**

The property provision covers the estimated costs to make good dilapidations on occupied properties. Other provisions represent legal and constructive obligations. The Group has undertaken a review of legacy high rise apartment scheme developments and continues to assess the actions required in line with the latest updates to Government guidance. Included within other provisions is £8.5m for the cost of remedial work identified at a limited number of legacy properties where we have a legal liability to do so, where relevant build issues have been identified, or it is considered that such build issues are likely to exist. The amounts provided reflect the current best estimate of the extent and future costs of work required; however, these estimates may be updated as work progresses or as Government legislation and regulation further evolves. Provisions are expected to utilised over the next three years.

Notes *(continued)*

20 Leases

The Group's leases consist primarily of office premises and equipment. Information about leases for which the Group is a lessee is presented below.

Group *Right-of-use assets*	**Office premises £m**	**Equipment £m**	**Total £m**
At 1 January 2020	5.8	2.4	8.2
Additions	0.5	0.3	0.8
Disposals	(0.3)	-	(0.3)
Depreciation	(1.0)	(1.1)	(2.1)
At 31 December 2020	5.0	1.6	6.6
Acquisitions	**-**	**0.5**	**0.5**
Additions	**0.5**	**0.9**	**1.4**
Disposals	**-**	**-**	**-**
Depreciation	**(1.0)**	**(0.8)**	**(1.8)**
At 31 December 2021	**4.5**	**2.2**	**6.7**

Group *Lease liabilities*	**Office premises £m**	**Equipment £m**	**Total £m**
At 1 January 2020	6.0	2.5	8.5
Additions	0.5	0.3	0.8
Disposals	(0.4)	-	(0.4)
Lease payments	(1.2)	(1.3)	(2.5)
Imputed interest	0.2	0.1	0.3
At 31 December 2020	5.1	1.6	6.7
Acquisitions	**-**	**0.5**	**0.5**
Additions	**0.5**	**0.9**	**1.4**
Disposals	**-**	**-**	**-**
Lease payments	**(1.1)**	**(0.8)**	**(1.9)**
Imputed interest	**0.2**	**0.1**	**0.3**
At 31 December 2021	**4.7**	**2.3**	**7.0**

Maturity:

	2021 £m	2020 £m
Current	**1.9**	1.7
Non current	**5.1**	5.0

The total cash outflow for leases during the year was £1.9m (2020: £2.5m), including £0.3m (2020: £0.3m) of interest.

21 Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
151,000,000 ordinary shares of £1 each	**151.0**	151.0

Notes *(continued)*

22 Financial instruments

The Group's financial instruments comprise senior secured notes, leases, cash, loans, trade and other receivables, other financial assets and trade and other payables. The main purpose of these financial instruments is to finance the Group's operations.

Measurement of fair values
The fair value of the Group's financial assets and liabilities is set out in the table below. There is no difference between the fair value and carrying value of any financial assets and financial liabilities.

	2021 **£m**	2020 £m
Financial assets measured at fair value:		
Shared equity loan receivables	**4.6**	7.0
Financial assets not measured at fair value:		
Trade and other receivables	**38.0**	22.2
Cash and cash equivalents	**161.0**	242.8
Financial liabilities not measured at fair value:		
Trade and other payables (excluding land payables)	**202.5**	154.0
Land payables	**144.3**	98.9
Interest bearing loans and other borrowings	**402.4**	588.2
Lease liabilities	**7.0**	6.7

The following table provides an analysis of financial assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets to identical assets;
Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset/liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets:				
Shared equity loan receivables				
As at 31 December 2021	**-**	**-**	**4.6**	**4.6**
As at 31 December 2020	-	-	7.0	7.0

Valuation technique for shared equity loan receivables
The fair value is determined by considering the expected payment profile using the discounted present value of expected future cash flows. The major unobservable inputs include the expected timing of redemption payments, management's estimates of the market value of the properties and of the appropriate risk adjusted discount rate to determine present value of the cash flows. A discount rate of 8.3% (2020: 8.3%) has been applied. The estimated fair value would increase if the risk adjusted discount rate was reduced, and the fair value would also be impacted by any change in the estimate of the timing of redemption receipts. There are a number of uncertainties inherent in such estimates, which would impact on the carrying value of shared equity loan receivables.

Notes *(continued)*

22 Financial instruments *(continued)*

Financial risk

The main risks associated with the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Directors are responsible for managing these risks and the policies adopted are set out below.

(i) Credit risk

The Group's exposure to credit risk is limited by the fact that the Group generally receives cash at the point of legal completion of its sales. There are certain categories of revenue where this is not the case; for instance housing association revenues, timber frame contracts or land sales where management considers that the ratings of these various debtors are good and therefore credit risk is low. The Group has £4.6m (2020: £7.0m) of shared equity loan receivables which exposes it to credit risk although this asset is spread over a large number of properties. As such, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk at 31 December 2021 is represented by the carrying amount of each financial asset.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The day to day working capital requirements of the Group are provided through cash on balance sheet and a revolving credit facility which is largely committed until 2023. The Group manages its funding requirements by monitoring cash flows against forecast requirements on a weekly basis.

(iii) Market risk

The Group is affected by movements in UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning. Whilst it is not possible for the Group to fully mitigate market risk on a national macroeconomic basis, the Group does continually monitor its geographical spread within the UK, seeking to balance investment in areas offering the best immediate returns with a long-term spread of its operations throughout the UK to minimise the effect of local microeconomic fluctuations.

(iv) Interest rate risk

Interest rate risk reflects the Group's exposure to interest rates in the market. The Group's senior secured bond facility is partly subject to floating interest rates based on LIBOR. The Group has reduced its exposure to interest rate movements by the repayment of the remaining floating rate notes in the year. Consequently, for the year ended 31 December 2022 an increase of 1% in interest rates would have no impact on the Group's net finance costs (2021: £0.5m). The maturity of the financial liabilities has been disclosed in note 18.

Following the year end the Group's funding arrangements were refinanced as explained in more detail in note 32.

Capital management

The Directors' policy is to maintain a strong balance sheet so as to promote shareholder, customer and creditor confidence and to sustain the future development of the business. The Group is currently financed by a combination of equity share capital and senior secured bonds, all of which are long term in nature.

Management of cash and cash equivalents and net debt

The management of cash and net debt remains a principal focus of the Directors, together with the ability to service and repay debt. The Directors have considered the forecasts of future profitability and cash generation and consider that these forecasts support the going concern assertion.

Notes *(continued)*

23 Reconciliation of net cash flow to net debt

	2021 £m	2020 £m
(Decrease) / increase in cash and cash equivalents	**(82.4)**	103.0
Cash in Wallace Land at acquisition	**0.6**	-
Decrease / (increase) in senior secured notes	**41.3**	(52.4)
Decrease / (increase) in long term borrowings	**144.5**	(13.1)
Movement in net debt in year	**104.0**	37.5
Net debt at beginning of year	**(345.4)**	(382.9)
Net debt at end of year	**(241.4)**	(345.4)

24 Analysis of net debt

	At start of year £m	Cash flow £m	Cash in subsidiary on acquisition £m	Non cash movement £m	**At end of year £m**
Cash and cash equivalents	242.8	(82.4)	0.6	-	**161.0**
Senior secured notes	(443.7)	51.0	-	(9.7)	**(402.4)**
Net external debt	(200.9)	(31.4)	0.6	(9.7)	**(241.4)**
Amounts owed to immediate parent undertaking	(144.5)	150.9	-	(6.4)	**-**
Net debt	**(345.4)**	**119.5**	**0.6**	**(16.1)**	**(241.4)**

25 Contingent liabilities

Certain subsidiaries have contingent liabilities in relation to indemnities provided for performance bonds and guarantees of performance obligations. These relate to contracting or development agreements entered in the ordinary course of business.

Notes *(continued)*

26 Accounting estimates and judgements

Carrying value of inventories

Inventories of land and development work in progress are stated at the lower of cost and net realisable value. Due to the nature of development activity and in particular, the length of the development cycle, the Group has to allocate site wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. These estimates are reflected in the margin recognised on developments where unsold plots remain, and in the carrying value of land and work in progress. There is a degree of uncertainty in making such estimates.

The Group has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete developments. The Group reviews the carrying value of its inventories on a quarterly basis with these reviews performed on a site by site basis using forecast sales prices and anticipated costs to complete based on a combination of the specific trading conditions of each site in addition to future anticipated general market conditions. Net realisable value represents the estimated selling price of units less all estimated costs of completions including an appropriate allocation of overheads.

Retirement benefit obligations

The value of the defined benefit plan liabilities is determined by using various long term actuarial assumptions, including future rates of inflation, growth, yields, returns on investments and mortality rates. As actual changes in inflation, growth, yields and investment returns may differ from those assumed, this is a key source of estimation uncertainty within the financial statements. Changes in these assumptions over time and differences to the actual outcome will be reflected in the statement of comprehensive income. Note 29 details the main assumptions in accounting for the Group's defined benefit pension scheme along with sensitivities of the liabilities to changes in these assumptions.

27 Related party transactions

	2021 **£m**	2020 £m
Amounts owed by joint ventures in respect of outstanding loans and other outstanding payables	**3.5**	4.3
Amounts owed by ultimate parent company	**6.0**	6.0
Amounts owed to Miller Midco 2 Limited	**-**	(144.5)
Interest payable to Miller Midco 2 Limited	**(6.4)**	(13.1)
Interest receivable on loans to joint ventures	**0.3**	0.3
Monitoring fee payable to Bridgepoint	**(0.3)**	(0.3)

Amounts due to Miller Midco 2 Limited of £150.9m, including interest accrued in the year of £6.4m, were repaid during the year. A loan of £79,000, made to a Director in a prior year, remains outstanding at the year end.

28 Controlling party

At 31 December 2020, the Company was a subsidiary undertaking of Miller Midco 2 Limited. The ultimate parent company incorporated in the United Kingdom is Miller Homes Group Limited.

The largest group in which the results of this Company are consolidated is that headed by Miller Homes Group Limited. The consolidated financial statements of this Group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3VZ. The address of the company and of its ultimate and intermediate parent companies is 2 Centro Place, Derby, DE24 8RF.

At the date of approval of these financial statements, the Company was ultimately controlled by Apollo Global Management Inc. as explained more fully in note 32.

Notes *(continued)*

29 Retirement benefit obligations

The Group operates defined contribution and defined benefit pension schemes.

Defined contribution schemes

	2021 **£m**	2020 £m
Group defined contribution schemes consolidated income statement charge	**3.6**	3.4

Defined benefit scheme

Miller Homes Limited, the Group's main trading subsidiary, is the principal employer of The Miller Group Limited pension scheme. This is a defined benefit scheme which is closed to future accrual. The assets of the scheme have been calculated at fair (bid) value. The liabilities of the scheme have been calculated at the balance sheet date using the following assumptions:

Principal actuarial assumptions

	2021	2020
Weighted average assumptions to determine benefit obligations		
Discount rate	**1.85%**	1.30%
Rate of price inflation (RPI)	**3.60%**	2.90%
Weighted average assumptions to determine net cost		
Discount rate	**1.30%**	2.00%
Rate of pension increases	**3.60%**	2.90%
Rate of price inflation (RPI)	**2.90%**	2.95%

Members are assumed to exchange 25% of their pension for cash on retirement. The assumptions have been chosen by the Group following advice from the Group's actuarial advisers.

The following table illustrates the life expectancy for an average member according to the mortality assumptions used to calculate the scheme liabilities:

Life expectancy

Retired member aged 65 (male life expectancy at age 65)	21.7 years
Non retired member aged 45 (male life expectancy at age 65)	23.1 years

The base mortality assumptions are based upon the S3PA mortality tables including a 3% base table adjustment to reflect the impact of COVID 19. Allowance for future increases in life expectancy is made with an annual rate of improvement in mortality of 1.25% assumed.

Notes *(continued)*

29 Retirement benefit obligations *(continued)*

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumptions	Change in assumption	Movement in liabilities
Discount rate	Decrease by 0.1%	£2.6m (1.5%) increase
	Increase by 0.1%	£2.5m (1.5%) decrease
Rate of inflation	Increase by 0.1%	£1.2m (0.7%) increase
	Decrease by 0.1%	£1.2m (0.7%) decrease
Life expectancy: future improvements	Increase by 0.1%	£0.6m (0.4%) increase
	Decrease by 0.1%	£0.6m (0.4%) decrease

The amounts recognised in the consolidated income statement were as follows:

	2021 £m	2020 £m
Past service cost recognised in administrative expenses	**-**	0.4
Interest cost	**2.2**	3.2
Interest income	**(2.2)**	(2.9)
Total recognised in finance costs in the consolidated income statement	**-**	0.3
Total pension cost recognised in the consolidated income statement	**-**	0.7

The amounts recognised in the consolidated statement of comprehensive income were as follows:

	2021 £m	2020 £m
Return on scheme assets excluding interest income	**(2.9)**	(15.9)
Actuarial loss arising from changes in assumptions	**(3.9)**	18.5
Demographic assumptions	**2.3**	(1.2)
Total pension (credit)/ cost recognised in the consolidated statement of comprehensive income	**(4.5)**	1.4

Notes *(continued)*

29 Retirement benefit obligations *(continued)*

The amount included in the consolidated statement of financial position arising from obligations in respect of the scheme is as follows:

	2021 £m	2020 £m
Present value of funded obligations	**170.3**	176.1
Fair value of scheme assets	**(177.5)**	(162.3)
	(7.2)	13.8

	2021 £m	2020 £m
Liability for defined benefit obligations at start of year	**13.8**	16.5
Contributions	**(16.5)**	(4.8)
Expense recognised in the consolidated income statement	**-**	0.7
Amounts recognised in the consolidated statement of comprehensive income	**(4.5)**	1.4
(Asset) / liability for defined benefit obligations at the end of year	**(7.2)**	13.8

Movements in the present value of defined benefit obligations were as follows:

	2021 £m	2020 £m
Present value of defined benefit obligations at start of year	**176.1**	165.8
Past service cost	**-**	0.4
Interest cost	**2.2**	3.2
Actuarial gain on scheme obligations	**(3.9)**	18.5
Demographic assumptions	**2.3**	(1.2)
Benefits paid from scheme	**(6.4)**	(10.6)
Present value of defined benefit obligations at the end of the year	**170.3**	176.1

Movements in the fair value of scheme assets were as follows:

	2021 £m	2020 £m
Fair value of scheme assets at start of year	**162.3**	149.3
Contributions	**16.5**	4.8
Interest income	**2.2**	2.9
Actuarial gain on scheme assets	**2.9**	15.9
Benefits paid from scheme	**(6.4)**	(10.6)
Fair value of scheme assets at end of year	**177.5**	162.3

Notes *(continued)*

29 Retirement benefit obligations *(continued)*

An analysis of scheme assets at the balance sheet is as follows:

	2021	2020
Equity investments	**15.4%**	14.0%
Debt securities	**39.7%**	38.5%
Derivatives	**17.9%**	22.5%
Other	**21.4%**	19.9%
Cash	**5.6%**	5.1%
Total	**100.0%**	100.0%

Funding

The scheme is subject to the funding legislation outlined in the Pensions Act 2004. This, together with the documents issued by the Pensions Regulator and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK. The funding of the scheme is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in the financial statements. The latest full actuarial valuation carried out at 30 June 2019, by a qualified independent actuary, showed a deficit of £20.5m.

In line with the requirements noted above the actuarial valuation is agreed between the Group and the trustees and is calculated using prudent, as opposed to best estimate, actuarial assumptions. Following the completion of the triennial actuarial valuation, a revised schedule of contributions was put in place. Under this revised schedule, the Group agreed to pay deficit contributions of £8.0m over the recovery period of April 2021 to July 2023. The expected employer contribution to the scheme in the year ending 31 December 2022 is £4.0m. Following the year end the Group agreed to make further contributions to the pension scheme as explained in more detail in note 32.

30 Acquisition of businesses

Acquisition of Wallace Land Investment and Management Limited

In May 2021 the Group acquired 100% of the issued share capital of Wallace Land Investments and Management Limited for £17.2m, satisfied in cash. The nature of the business is that it is involved in the promotion of land over the medium term and the loss of £0.4m incurred since acquisition reflects additional administrative costs principally associated with employees who joined the Group.

The acquisition had the following effect on the Group's assets and liabilities:

Values recognised on acquisition (provisional)	**£m**
Inventories	18.9
Debtors	0.6
Cash and cash equivalents	0.6
Corporation tax creditor	(0.1)
Deferred tax	(2.8)
Net identifiable assets and liabilities	**17.2**
Consideration paid (cash)	17.2
Goodwill on acquisition	**-**

Notes *(continued)*

30 Acquisition of businesses *(continued)*

Acquisition of Walker Timber Limited

On 1 December 2021 the Group acquired 100% of the issued share capital of Walker Timber Limited ('WTL') for £13.5m plus deferred consideration, determined by net assets at completion, estimated at £1.4m. In addition the group acquired the property occupied by WTL from another subsidiary of the selling group. Since acquisition WTL has generated revenue of £1.7m and contributed £0.1m to profit for the year.

The acquisition had the following effect on the Group's assets and liabilities:

Values recognised on acquisition (provisional)	**£m**
Fixed assets	5.0
Debtors	3.4
Inventories	5.5
Creditors	(3.5)
Cash and cash equivalents	-
Corporation tax creditor	(0.3)
Deferred tax	-
Net identifiable assets and liabilities	**10.1**
Consideration paid (cash)	13.5
Deferred consideration	1.4
Purchase of property	4.5
Total consideration	**19.4**
Goodwill on acquisition	**9.3**

Had both businesses been acquired on 1 January 2021 the revenue of the combined Group would have been £1,066.0m and the profit for the year would have been £117.7m.

Notes *(continued)*

31 Group companies

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, associates and joint ventures and the effective percentage of equity owned as at 31 December 2021 are disclosed below. All companies are incorporated in the United Kingdom, engaged in housebuilding and associated activities and are owned directly by Miller Homes Holdings Limited unless indicated as follows:

Fully owned subsidiaries

Trading

Miller Homes Holdings Limited (viii) – A
Miller Homes Limited – A
Miller Residential Development Services Limited – A
Walker Timber Limited - A
Wallace Land and Investments Limited (vii) - A
Miller Framwellgate Limited – B

Dormant

Birch Limited – B
Birch Commercial Limited (i) – B
Birch Homes Limited (i) – B
Arwinrise Limited – C
Cussins Homes (Yorks) Limited – B
Highfields Developments Limited – B
FHL Nominees (No1) Ltd – B
James Miller & Partners Limited – A
Lemmington Estates Limited – B
Miller (Barrow) Limited – A
Miller (Cobblers Hall) Limited – B
Miller (Telford North) Limited – A
Miller East Kilbride Limited – A
Miller Airdrie Limited – B
Miller Fullwood Limited – B
Miller Gadsby (Burton Albion) Limited – B
Miller Homes (Yorkshire) Limited – A
Miller Homes Cambridge Limited – B
Miller Homes Cambuslang Limited – A
Miller Homes City Quay Limited – B
Miller Homes Special Projects Portfolio Limited – A
Miller (Eccles) Limited (ii) – B
Miller Homes Two Limited – A
Emerald Shared Equity Limited – B
Miller Maidenhead Limited – B
Miller Residential (Northern) Limited – B
Miller Homes St Neots Limited – A
Miller Homes Two Limited – A
Miller Maidenhead Limited – B
Miller Residential (Northern) Limited – B
Fairclough Homes Limited – B
Viewton Properties Limited – B
MF Development Company UK Limited – B
MF Development Funding Company UK Limited (iii) – B
Miller Fairclough UK Limited (iv) – B
CDC2020 Limited (v) – B
Fairclough Homes Group Limited (v) – B
MF Strategic Land Limited (v) – B
Miller Fairclough Management Services Limited (v) – B
Alderview Homes (Carrickstone) Limited – A
Miller Belmont Limited – A
Land & City Properties (Bollington) Limited – A
L Williams & Co Limited- B
Lowland Plaid Limited- D
Miller (Telford South) Limited (ii) – A
Miller Homes St Neots Limited – A

Joint ventures (all 50%)

Trading

Miller Wates (Southwater) Limited – B
Miller Wates (Chalgrove) Limited - B
Miller M2 (Maddiston) Limited - A
Miller M2 (Kirkcaldy) Limited - A

Dormant

Miller Wates (Wallingford) Limited – B
Miller Wates (Bracklesham) Limited – B
Miller Wates (Didcot) Limited – B
Croftport Homes Limited (vi) – A
Canniesburn Limited – F

Dormant (continued)

Mount Park Developments Limited (vi) – A
Perth Land and Estates Limited (vi) – A
College Street Residential Developments Limited (vi) – A
Lancefield Quay Limited – A
Miller Applecross (Edinburgh Quay) Limited – A
Miller Gadsby (Castle Marina) Limited – B
Scotmid-Miller (Great Junction Street) Limited – A
St Andrews Brae Developments Limited – E
Iliad Miller (No 2) Limited (vi) – A
Iliad Miller Limited (vi) – A

Notes *(continued)*

31 Group companies *(continued)*

Associates (45%) (*trading*)
New Laurieston (Glasgow) Limited – G

The letter following the name of each company identifies the address of its registered office as follows:

A – 2 Lochside View, Edinburgh
B – 2 Centro Place, Derby
C – Redburn Court, North Shields
D – 18 Bothwell Street, Glasgow
E – 14-17 Market Street, London
F – 52-54 Rose Street, Aberdeen
G – 3 Cockburn Street, Edinburgh

(i) Held via Birch Limited
(ii) Held via Miller Homes Special Projects Portfolio Limited
(iii) Held via MF Development Company UK Limited
(iv) Held via MF Development Funding Company UK Limited
(v) Held via Miller Fairclough UK Limited
(vi) Held via Miller Residential Development Services Limited
(vii) Held via Miller Homes Limited
(viii) Held via Miller Homes Group Holdings PLC

32 Post Balance Sheet Event

On 31st March 2022 the company was acquired by Castle UK Bidco Limited which is ultimately controlled by funds controlled by Apollo Global Management Inc. As part of the transaction the existing £404m of senior secured notes were repaid and a payment of £12m will be made to the pension scheme, which includes the acceleration of payments under the existing schedule of contributions. Funding of £815m has been put in place for the new Group and the existing revolving credit facility has been replaced by a new £180m revolving credit facility, which is committed until 30th September 2027.