

Mill Finance Limited

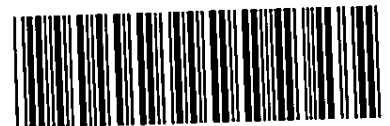
Report and Financial Statements

Year Ended

31 December 2007

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BDO Stoy Hayward
Chartered Accountants

Mill Finance Limited

Annual report and financial statements for the year ended 31 December 2007

Contents

Page.

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

P A Cartwright
A C Norris
T B Symes
J R Tilford
D H S Toplas
J R Trustram Eve

Secretary and registered office

IIC Group Services Limited, 140 London Wall, London, EC2Y 5DN

Company number

5257957

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Mill Finance Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year

The directors do not recommend the payment of a dividend for the year (2006 - £Nil)

Principal activities, trading review and future developments

The company is involved in the provision of financial advisory services and is regulated by the Financial Services Authority under the Financial Services and Marketing Act 2000

The directors have reviewed the activities of the business for the year and the position as at 31 December 2007 and consider them to be satisfactory

Directors

The directors of the company during the year were

P A Cartwright
A C Norris (appointed 11 September 2007)
T B Symes
J R Tilford
D H S Toplas
J R Trustram Eve (appointed 11 September 2007)

The interests of the directors in the ultimate parent company are disclosed in the financial statements of the intermediate parent company, Mill Group Limited

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Mill Finance Limited

Report of the directors for the year ended 31 December 2007 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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

On behalf of the Board


D H S Toplas
Director

Date 12/5/2008

Mill Finance Limited

Report of the independent auditors

To the shareholders of Mill Finance Limited

We have audited the financial statements of Mill Finance Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Mill Finance Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

12 May 2008

Mill Finance Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Administrative expenses		(57,545)	(100)
Operating loss	2	(57,545)	(100)
Interest receivable		11,160	-
Loss on ordinary activities before taxation		(46,385)	(100)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year		(46,385)	(100)
Retained loss brought forward		(100)	-
Retained loss carried forward		(46,485)	(100)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 10 form part of these financial statements

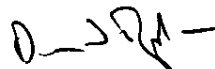
Mill Finance Limited

Balance sheet
at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Debtors	5	-	1
Cash at bank		311,060	-
		<u>311,060</u>	<u>1</u>
Creditors: amounts falling due within one year	6	(57,545)	(100)
		<u>253,515</u>	<u>(99)</u>
Net current assets/(liabilities)			
Creditors amounts falling due after more than one year	7	(150,000)	-
		<u>103,515</u>	<u>(99)</u>
Net assets/(liabilities)			
Capital and reserves			
Called up share capital	8	150,000	1
Profit and loss account		(46,485)	(100)
		<u>103,515</u>	<u>(99)</u>
Shareholders' funds/(deficit)	9		

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board of Directors and authorised for issue on 12 May 2008


D H S Toplas
Director

The notes on pages 7 to 10 form part of these financial statements

Mill Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

The company is exempt from preparing and delivering consolidated financial statements under section 248 of the Companies Act 1985 as the group headed by the company qualifies as a small group and is not an ineligible group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Operating loss

Auditors' remuneration for the current year has been borne by Mill Asset Management Group Limited, a fellow group undertaking.

3 Directors

No amount is included for directors' emoluments as these are borne by Mill Asset Management Group Limited and it is not practicable to apportion these between all group companies.

Mill Finance Limited

Notes forming part of the financial statements
for the year ended 31 December 2007 (*Continued*)

4 Tax on loss on ordinary activities

	2007 £	2006 £
<i>Current tax</i>		
UK corporation tax on result for the year	-	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	(46,385)	(100)
Loss on ordinary activities multiplied at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(13,916)	(30)
Effects of Group relief	13,886	-
Expenses not deductible for tax purposes	30	30
Current tax charge for the year	-	-

5 Debtors

	2007 £	2006 £
Amounts falling due within one year		
Amounts owed by immediate parent undertaking (note 11)	-	1

6 Creditors' amounts falling due within one year

	2007 £	2006 £
Amounts due to group undertakings (see note 10)	41,211	100
Accruals	16,334	-
	57,545	100

Mill Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

7 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Amounts due to immediate parent undertaking		
- Subordinated loan	150,000	-

On 8 May 2007 the company borrowed £150,000 (2006 - £Nil) from Mill Funds Limited, the company's immediate parent. The loan is unsecured and has a fixed interest rate of 5% per annum. As at 31 December 2007, the loan is fully drawn.

8 Share capital

	2007 £	2006 £
<i>Authorised</i>		
Ordinary shares of £1 each	150,000	1,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	150,000	1

During the year, 149,000 (2006 - £Nil) shares of £1 each were authorised and 149,999 (2006 - £Nil) shares of £1 each were issued at par for cash.

9 Reconciliation of movements in shareholders' funds/(deficit)

	2007 £	2006 £
Opening shareholders' (deficit)/funds	(99)	1
Loss for the financial year	(46,385)	(100)
Share capital issued	149,999	-
Closing shareholders' funds/(deficit)	103,515	(99)

Mill Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

10 Related party transactions

During the year, the company had transactions in the ordinary course of business and on an arms length basis with companies which are related parties by virtue of being under the common ultimate control of Mill Group UK Holdings Limited at the year end

Outstanding balances at the year end with these companies have been disclosed in note 6 as amounts owed to group undertakings. These balances can be further analysed as follows

Group undertaking

	2007 £	2006 £
Creditor amounts falling due within one year (note 6)		
Mill Asset Management Group	27,638	100
Mill Asset Management Limited	13,573	-
	<hr/>	<hr/>
	41,211	100
	<hr/>	<hr/>

The company incurred expenditure during the year in respect of management and administration services of £7,573 (2006 - £Nil) provided by Mill Asset Management Limited, a group undertaking company

11 Immediate and ultimate parent company

At 31 December 2007, the immediate parent company was Mill Funds Limited, which is registered in England and Wales

The ultimate parent company is Mill Group UK Holdings Limited, which is incorporated in the British Virgin Islands and is under the ultimate control of the D H S Toplas Settlement