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## **Mill Finance Limited**

Report and Financial Statements

Year Ended

31 December 2008

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**BDO Stoy Hayward**  
Chartered Accountants

# **Mill Finance Limited**

## **Annual report and financial statements for the year ended 31 December 2008**

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### **Directors**

A C Norris  
D H S Toplas  
J R Trustram Eve

### **Secretary and registered office**

D H S Toplas, 39 Craven Street London WC2N 5NG

### **Company number**

5257957

### **Auditors**

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

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# **Mill Finance Limited**

## **Report of the directors for the year ended 31 December 2008**

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The directors present their report together with the audited financial statements for the year ended 31 December 2008.

### **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 (2007 - £Nil).

### **Principal activities**

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.

### **Review of business**

During the course of the year the company commenced work on the establishment of a new property fund for institutional investors. The progress has been somewhat constrained by the current economic climate but it is hoped that the launch will be completed during the course of forthcoming year.

At the year end the company had shareholders' funds of £60,222 (2007 - £103,515). The directors have since reviewed the capital adequacy of the company and concluded that shareholders' funds should be increased in order to ensure that the company has adequate resources to continue its operations. On 23 April 2009 the authorised share capital was increased by 150,000 £1 ordinary shares. All 150,000 of the shares were issued to Mill Group Limited.

It is intended that this new capital raised will be used to repay the subordinated loan. This should ensure that the company has sufficient capital resources to satisfy the capital adequacy requirements set by the Financial Services Authority. The directors consider this to be the most significant key performance indicator of the company.

The directors have assessed the main risk facing the company as being the operation of the business in the current economic climate where investment equity is scarce in the short-term. The proposed residential fund is dependent upon the directors' ability to raise investment equity from institutional investors. The directors believe that the quality of the investment product, the development of new investment products, the wealth of talent on the Board and the eventual easing of the constraints on investment equity will help mitigate these risks and we hope to see the business grow in the coming year.

During the year a group re-organisation took place. As a result the ownership of the company was transferred from Mill Funds Limited to Mill Group Limited. The ultimate controlling party of the company remains unchanged.

The Pillar 3 disclosures will be available on request from the company shortly after the finalisation of these financial statements.

The directors have reviewed the activities of the business for the year and the position as at 31 December 2008 and consider them to be satisfactory.

### **Post balance sheet events**

The authorised share capital was increased by 150,000 £1 ordinary shares to 300,000 £1 ordinary shares on 23 April 2009. This additional authorised share capital was issued to Mill Group Limited at par.

# Mill Finance Limited

## Report of the directors for the year ended 31 December 2008 (Continued)

### Directors

The directors of the company during the year were:

P A Cartwright (resigned 17 November 2008)  
A C Norris  
T B Symes (resigned 17 November 2008)  
J R Tilford (resigned 17 November 2008)  
D H S Toplas  
J R Trustram Eve

### 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

### 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.

### On behalf of the Board



D H S Toplas  
Director

Date 30/4/09

# Mill Finance Limited

## Report of the independent auditors

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### To the shareholders of Mill Finance Limited

We have audited the financial statements of Mill Finance Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement 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*)

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### *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 2008 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.**

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

30 April 2009

## Mill Finance Limited

### Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Administrative expenses		(71,217)	(57,545)
<b>Operating loss</b>	2	(71,217)	(57,545)
Interest receivable	5	14,329	11,160
<b>Loss on ordinary activities before taxation</b>		(56,888)	(46,385)
Tax credit on loss on ordinary activities	6	13,595	-
<b>Loss for the financial year</b>		(43,293)	(46,385)
Retained loss brought forward		(46,485)	(100)
<b>Retained loss carried forward</b>		(89,778)	(46,485)

All amounts relate to continuing activities.

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

The notes on pages 8 to 12 form part of these financial statements.

# Mill Finance Limited

Balance sheet  
at 31 December 2008

	Note	2008 £	2007 £
<b>Current assets</b>			
Cash at bank		302,440	311,060
<b>Creditors: amounts falling due within one year</b>	7	-	(57,545)
<b>Net current assets</b>		302,440	253,515
<b>Creditors: amounts falling due after more than one year</b>	8	(242,218)	(150,000)
<b>Net assets</b>		60,222	103,515
<b>Capital and reserves</b>			
Called up share capital	9	150,000	150,000
Profit and loss account		(89,778)	(46,485)
<b>Shareholders' funds</b>	10	60,222	103,515

The financial statements were approved by the Board of Directors and authorised for issue on 30/4/09

  
D H S Toplas  
Director

The notes on pages 8 to 12 form part of these financial statements.



# Mill Finance Limited

## Cash flow statement for the year ended 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Operating loss</b>		(71,217)		(57,545)	
Decrease in debtors		-		1	
Increase in creditors		34,673		57,445	
<b>Net cash outflow from operating activities</b>			(36,544)		(99)
<b>Returns on investments</b>					
Interest received			14,329		11,160
<b>Taxation</b>					
Receipt for group relief			13,595		-
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>			(8,620)		11,061
<b>Financing</b>					
Issue of ordinary shares		-		149,999	
Issue of loan		-		150,000	
			-		299,999
<b>(Decrease)/increase in cash</b>	12		(8,620)		311,060
Cash brought forward			311,060		-
<b>Cash carried forward</b>			302,440		311,060

The notes on pages 8 to 12 form part of these financial statements.

# Mill Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2008

### 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:

#### *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.

#### *Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as short term deposits.

### 2 Operating loss

Auditors' remuneration for the current year has been borne by Mill Funds Limited (2007-Mill Asset Management Group Limited), a fellow group undertaking.

### 3 Employees

	2008 £	2007 £
Staff costs (including directors) consist of:		
Wages and salaries	30,397	21,462
Social security costs	2,516	2,203
	<u>32,913</u>	<u>23,665</u>

The average number of employees (including directors) during the year was 3 (2007 - 3).

### 4 Directors

	2008 £	2007 £
Directors' remuneration	<u>24,000</u>	<u>-</u>

The directors' emoluments in 2007 were borne by Mill Asset Management Group Limited a fellow subsidiary undertaking until 17 November 2008.

# Mill Finance Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 5 Interest receivable

	2008 £	2007 £
Bank interest	14,329	11,160

## 6 Tax on loss on ordinary activities

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax on result for the year	-	-
Receipt for giving of group relief to related company	(13,595)	-
Tax credit	(13,595)	-

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

	2008 £	2007 £
Loss on ordinary activities before tax	(43,293)	(46,385)
Loss on ordinary activities multiplied at the standard rate of corporation tax in the UK of 28% (2007 - 30%)	(12,122)	(13,916)
Effects of:		
Group relief	12,122	13,886
Expenses not deductible for tax purposes	-	30
Losses carried forward	-	-
Current tax charge for the year	-	-

## 7 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts due to group undertakings (see note 11)	-	41,211
Accruals	-	16,334
	-	57,545

# Mill Finance Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 8 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts due to group undertakings (see note 11)	10,000	-
Amounts due to immediate parent undertaking (see note 11)	82,218	-
Subordinated loan (see note 11)	150,000	150,000
	<u>242,218</u>	<u>150,000</u>

In 2007 the company borrowed £150,000 from Mill Funds Limited. The loan was transferred during the year to the company's new immediate parent company Mill Group Limited. The loan is unsecured and has a fixed interest rate of 5% per annum. Interest charges on the loan have been waived. As at 31 December 2008, the loan is fully drawn. There is no fixed repayment date for the loan or other amounts due to group or parent undertakings, but they will not be called for repayment within one year of the balance sheet date.

## 9 Share capital

	2008 £	2007 £
<i>Authorised</i>		
Ordinary shares of £1 each	150,000	150,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	150,000	150,000

## 10 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Opening shareholders' deficit	103,515	(99)
Loss for the financial year	(43,293)	(46,385)
Share capital issued	-	149,999
	<u>60,222</u>	<u>103,515</u>
Closing shareholders' funds		

## Mill Finance Limited

### Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

#### 11 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 Limited at the year end (Mill Asset Management Group Limited to 17 November 2008).

Outstanding balances at the year end with these companies have been disclosed in notes 7 and 8 as amounts owed to group undertakings. These balances can be further analysed as follows:

##### *Group undertaking*

	2008 £	2007 £
Creditor: amounts falling due within one year (note 7):		
Mill Asset Management Group	-	27,638
Mill Asset Management Limited	-	13,573
	<hr/>	<hr/>
	-	41,211
	<hr/>	<hr/>
Creditor: amounts falling due after more than one year (note 8):		
Mill Group Limited	232,218	-
Mill Funds Limited	10,000	150,000
	<hr/>	<hr/>
	242,218	150,000
	<hr/>	<hr/>

The company incurred expenditure during the year in respect of management and administration services of £7,860 provided by Mill Funds Limited (2007 - £7,573 provided by Mill Asset Management Limited), a group undertaking company.

During the year, the company received an amount of £13,595 for group relieving its tax losses to Mill N20 Limited. Mill N20 Limited is under the ultimate control of the DHS Toplas Settlement and was the intermediate parent of the company prior to the re-organisation.

Directors' and staff salaries were incurred by Mill Asset Management Group Limited and recharged to the company during the year. The total recharge for the year was £30,397 (2007 - £Nil).

#### 12 Analysis of net debt

	At 31 January 2008 £	Cash flow 2008 £	At 31 December 2008 £
Cash in hand and at bank	311,060	(8,620)	302,440
	<hr/>	<hr/>	<hr/>
Total	311,060	(8,620)	302,440
	<hr/>	<hr/>	<hr/>

## **Mill Finance Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)**

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### **13 Immediate and ultimate parent company**

The immediate parent company is Mill Group Limited which is registered in England and Wales. Until 17 November 2008, the immediate parent company was Mill Funds Limited, on which date the ownership of the company was transferred to Mill Group Limited.

The ultimate parent company is Hexworth Investments Limited which is registered in the British Virgin Islands. Until 17 November 2008 the ultimate parent company was Mill Group UK Holdings Limited. Both Hexworth Investments Limited and Mill Group UK Holdings Limited are under the ultimate control of the D H S Toplas Settlement.

### **14 Re-Organisation**

As part of a group re-organisation during the year Mill Asset Management Group Limited, Mill Asset Management Limited and Mill Group UK Holdings Limited ceased to be group undertakings and control of the company was transferred by Mill Funds Limited to Mill Group Limited.

### **15 Post balance sheet events**

On 23 April 2009, the authorised share capital of the company was increased by 150,000 £1 ordinary shares. These shares were issued at par to Mill Group Limited.