Registered number: 05257957

MILL FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

MILL FINANCE LIMITED

COMPANY INFORMATION

Directors	D H S Toplas R C K Robinson S T C Webber (appointed 24 September 2018) S N Phillips (resigned 1 May 2018)
Registered number	05257957
Registered office	New Zealand House 15th Floor 80 Haymarket London SW1Y 4TE
Independent auditors	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

MILL FINANCE LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The Statement of Comprehensive Income is set out on page 9 and shows the results for the year.

The directors do not recommend the payment of a dividend for the year (2017-£Nil).

Review of business

During the course of the year the Company has acted as operator of an unregulated collective investment scheme.

At the year end the Company had shareholders' funds of £277,126 (2017- £267,303)

The directors have assessed the main risk facing the Company as being the ability to expand the business to act as operator of other schemes.

The directors have reviewed the activities of the business for the year and the position as at 31 December 2018 and consider them to be satisfactory.

Financial key performance indicators

The Board of Directors measure the company's progress against its strategic objectives. The company's operating plan can then be adjusted to assist the directors to achieve the company's strategic objectives. The company is in the early stages of its development and there are limited numbers of relevant performance indicators shown below:

	2018	2017
	£	£
Operating profit	9,823	18,804
Return on capital employed	4.0%	7.0%

The Company is exposed to liquidity risk, credit risk and interest rate risk. However, as there are no external borrowings, these risks are not considered material. The company's principal financial assets are cash and trade receivables. Therefore, the company's credit risk is primarily attributable to trade receivables. An allowance for impairment is made when there is objective evidence that the company will not be able to collect all amounts according to the general terms of the receivables concerned.

This report was approved by the board and signed on its behalf.

D H S Toplas
Director

Date: 17/04/19

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of Mill Finance Limited ("the Company") is the operator of an unregulated collective investment scheme. The Company is authorised and regulated by the Financial Conduct Authority and is a BIPRU €50k limited licence firm

Directors

The directors who served during the year were:

D H S Toplas
R C K Robinson
S T C Webber (appointed 24 September 2018)
S N Phillips (resigned 1 May 2018)

Principal risks and uncertainties

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently related parties with minimum rating "A" are accepted.

Liquidity Risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as the fall due.

The Board receives rolling 12 month cash flow projections on a monthly basis as well as information regarding cash balances and the value of the Company's investments in investment portfolios. At the end of the financial year, these projections indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not be required to seek any debt finance.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Auditors

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

D H S Toplas
Director

Date: 17/04/19

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MILL FINANCE LIMITED

Opinion

We have audited the financial statements of Mill Finance Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes on pages 12 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MILL FINANCE LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MILL FINANCE LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MILL FINANCE LIMITED (CONTINUED)

Use of our report

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 Auditors' 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.

Berg Kaprow Lewis LLP.

Michael Wedge FCA (Senior Statutory Auditor)

for and on behalf of
Berg Kaprow Lewis LLP

Chartered Accountants
Statutory Auditor

London

Date: 18/04/19

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	*2017 £*
Turnover	4	**138,272**	*160,298*
Administrative expenses		**(128,449)**	*(141,494)*
Operating profit	5	**9,823**	*18,804*
Interest receivable and similar income	7	-	*23*
Profit before tax		**9,823**	*18,827*
Tax on profit	8	-	-
Profit for the financial year		**9,823**	*18,827*

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 12 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note		2018 £		2017 £
Current assets					
Debtors: amounts falling due within one year	9	274,543		*281,943*	
Cash at bank and in hand	10	23,002		*1,697*	
		297,545		*283,640*	
Creditors: amounts falling due within one year	11	(20,419)		*(16,337)*	
Net current assets			277,126		*267,303*
Net assets			277,126		*267,303*
Capital and reserves					
Called up share capital	13		300,000		*300,000*
Profit and loss account			(22,874)		*(32,697)*
			277,126		*267,303*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D H S Toplas
Director

Date: 17/04/19

The notes on pages 12 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	300,000	(51,524)	248,476
Comprehensive income for the year			
Profit for the year	-	18,827	18,827
At 1 January 2018	300,000	(32,697)	267,303
Comprehensive income for the year			
Profit for the year	-	9,823	9,823
At 31 December 2018	300,000	(22,874)	277,126

The notes on pages 12 to 19 form part of these financial statements.

1. General information

The principal activity of Mill Finance Limited ("the Company") is the operator of an unregulated collective investment scheme. The Company is authorised and regulated by the Financial Condict Authority and is a BIPRU €50k Limited Licince Firm.

The Company is a private company limited by shares and is incorporated in England and Wales.

The Registered Office address is New Zealand House, 15th Floor, 80 Haymarket, London, United Kingdom, SW1Y 4TE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Mill Group Residential Limited as at 31 December 2018.

Consolidated group accounts are publicaly available at New Zealand House, 15th Floor, 80 Haymarket, London, SW1Y 4TE.

2.3 Going concern

The directors have reviewed the financial forecasts of the company for a period of twelve months from the date of approval of these financial statements. Based on the letter of financial support from Mill Group Residential Limited, the directors are confident that there are sufficient funds for the company to meet its obligations and liabilities as they fall due for the foreseeable future. On this basis the Directors feel it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the company's net retained loss as at 31 December 2018.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.5 Turnover

Turnover represents amounts receivable by the Company for operating a collective investment scheme.

Turnover also represents recharges to related companies for costs incurred.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured.

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.6 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade debtors and creditors and amounts owed by and to group undertakings.

(i) Financial assets

Basic financial assets, including trade debtors, and amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Accounting policies (continued)

2.10 Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates.

No judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018	*2017*
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**6,650**	*6,180*
Fees payable to the Company's auditor and its associates for taxation compliance services	**2,000**	*2,060*

6. Directors and Employees

Staff costs were as follows:

	2018 £	*2017 £*
Wages and salaries	**30,400**	*44,400*

The Company has no employees other than the Directors in the current or previous year.

7. Interest receivable

	2018 £	*2017 £*
Bank interest	-	*23*

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - lower than)* the standard rate of corporation tax in the UK of 19% *(2017 - 20%)*. The differences are explained below:

	2018 £	*2017 £*
Profit on ordinary activities before tax	**9,823**	*18,827*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**1,866**	*3,765*
Effects of:		
Group relief	**(1,866)**	*(3,765)*
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Debtors

	2018 £	2017 £
Trade debtors	29,888	24,205
Amounts owed by group undertakings	231,727	257,454
Prepayments and accrued income	12,928	284
	274,543	281,943

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	23,002	1,697
	23,002	1,697

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	11,644	7,972
Accruals and deferred income	8,775	8,365
	20,419	16,337

12. Financial instruments

	2018 £	*2017 £*
Financial assets		
Financial assets that are measured at amortised cost	**273,015**	*281,659*
Financial liabilities		
Financial liabilities that are measured at amortised cost	**(20,419)**	*(16,337)*

Financial assets measured at amortised cost comprise trade debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

All amounts are receivable / (payable) within one year and have no stated interest rate therfore have been measured at the undiscounted amount of the expected consideration.

13. Share capital

	2018 £	*2017 £*
Allotted, called up and fully paid		
300,000 *(2017 - 300,000)* Ordinary shares of £1.00 each	**300,000**	*300,000*

14. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	*2017 £*
Not later than 1 year	**46,468**	*43,280*
Later than 1 year and not later than 5 years	**95,045**	*104,758*
	141,513	*148,038*

15. Related party transactions

Where possible the company has taken advantage of the exemption conferred by FRS 102 section 33.1A for the requirement to disclose transactions with other wholly owned group undertakings on the grounds that consolidated financial statements are prepared by the parent undertaking and are publicly available.

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 control of Mill Group Residential Limited or under common directorship at the year end.

Directors' remuneration and management costs were incurred by Mill Funds Limited and recharged to the company during the year. The total recharge costs for the year was £30,400 (2017-£44,400).

The directors' remuneration in the current and previous year, has been borne by Mill Funds Limited (the service cost company), and recharged to Mill Finance Limited.

During the year, the company earned fees from a joint venture in IIH Oak Investors LLP (the Oak Group). Mill Group has an equity investment of 73.38% of the Oak Group. It earned operator fees of £54,985 (2017-£52,810) and accounting and admin fees of £38,491 (2017-£36,969) from the Oak Group during 2018. At the year end, a balance of £25,202 (2017-£24,205) remained due from the Oak Group.

During the year, the company earned fees from Abode Impact Limited of which D H S Toplas is a director. The company earned management fees of £17,588 (2017-£Nil). At the year end, a balance of £15,261 (2017-£Nil) remained due from Abode Impact Limited.

During the year, the company earned fees from Mill Group Holdings Limited of which D H S Toplas and S N Phillips were directors. The company earned management fees of £9,188 (2017-£Nil). At the year end, a balance of £825 (2017-£Nil) remained due from Mill Group Holdings Limited.

During the year, the company earned fees from Vesta Global Limited of which D H S Toplas and R C K Robinson are directors. The company earned management fees of £18,000 (2017-£9,778). At the year end, a balance of £Nil (2017-£Nil) remained due from Vesta Global Limited.

In the prior year, the company earned fees from Mill Residential REIT plc of which D H S Toplas and S N Phillips were directors. The company earned management fees of £Nil (2017-£9,778). At the year end, a balance of £Nil (2017-£Nil) remained due from Mill Residential REIT plc. Mill Residential REIT plc was dissolved on 30 April 2018.

16. Controlling party

The immediate parent company is Mill Group Limited which is registered in England and Wales.

The ultimate controlling party is Hexworth Holdings Limited which is registered in the British Virgin Islands. Both Hexworth Holdings Limited and Mill Group Holdings Limited are under the ultimate control of the D H S Toplas Settlement.

Consolidated group accounts are publicaly available at New Zealand House, 15th Floor, 80 Haymarket, London, SW1Y 4TE.

17. Financial instruments and Pillar 3 disclosures

Financial instruments and Pillar 3 disclosures

Introduction
The nature of the firm's business means that it fails within the scope of the Basel II Accord ("Basel II"), implemented through the EU Capital Adequacy and Banking Consolidation Directives. Together these require the firm to make certain disclosures under "Pillar 3" of the capital framework implemented by Basel II. Pillar 3 complements the existing pillars: minimum capital requirements {Pillar 1) and the supervisory review process (Pillar 2). Its aim is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on a firm's capital, risk exposures and risk assessment processes.

The firm intends to make the disclosures annually in its annual report. All the disclosures made herein are of the position at 31 December 2018, and are disclosed on an individual, standalone basis for the company. The firm will not disclose items judged by the directors to be immaterial. Information is considered to be material if its omission or misstatement could change or influence the assessment or decision of a user relying on it to make economic decisions.

As a limited licence firm, there are no statements made under Pillar 3 that are equivalent to disclosures required to be made by accounting standards to which the firm is subject. Therefore none of the statements made are subject to audit.

Financial risk management objectives and policies
The objective of financial risk management is to plan, organise and perform sufficient actions to provide reasonable assurance that the firm's overall objectives and goals will be met; and to limit the risk of adverse events occurring to a level that is acceptable to the directors.

The firm identifies and manages its key financial risks by means of a risk management policy that is appropriate to its size while preserving its effectiveness. Key parts of the policy to manage financial risk, including operational risk, are;

- regular management meetings;
- regular management information;
- regular compliance monitoring; and
- annual risk assessments as part of the firm's ICAAP process.

The firm does not hedge any of its financial risks.

Exposure to credit risk
The firm does not generally extend credit to its clients or counterparties, although exposure does arise when performance fees or commissions become payable. Adherence to agreed credit terms is monitored closely by senior management and regulatory capital is maintained to cover assessed risk of default. The firm's credit exposures are set out in notes 9 and 10 to the financial statements. The firm also maintains an exposure in connection with funds held on current and deposit accounts with its bankers.

Exposure to price risk
The firm does not take positions itself and hence does not expose itself to price risk.

Exposure to liquidity risk
The firm assesses its exposure to liquidity risk as part of its ICAAP process and the implementation of its Liquidity. Risk Management Framework and maintains regulatory capital to cover the assessed risk of adverse changes in the value of the firm's assets, including its illiquid assets.

Exposure to cash flow risk
The firm seeks to maintain at all times sufficient funds in readily accessible accounts with its bankers to meet its liabilities when they fall due. Details of the balances are given in the statement of financial position on page 10. In addition, in accordance with the FCA rules the firm maintains capital equivalent to €79,000 (Its 'base capital requirement'). The relevant figure to be maintained is kept under regular review.

Capital resources
The firm's capital resources are comprised only of core tier one capital, specifically permanent equity share capital and audited retained earnings.

The firm's tier one capital and deductions made there from in accordance with the FCA's rules at 31 December 2018 are summarised as follows:

	£'000
Perminant equity capital	300
Audited retained earnings	(23)
Deductions	-
Tier one capital	277
Base capital requirement	(79)
Surplus of own funds	198

Compliance with BIPRU 3,4,6,7 and 10
As a limited licence firm, the firm is required to hold minimum capital computed as the higher of

(i) its base capital requirement; or
(ii) its fixed overhead requirement; and
(iii) the sum of its credit risk and market risk requirements.

There is no requirement for the firm to hold any capital in respect of operational risk. However the firm reviews the adequacy of its internal capital, taking into account its capital resources requirements and its current and future activities, at least annually and determines whether it is prudent to hold capital in excess of its capital resources requirements in respect of certain risks.

The firm employs the standardised approach to credit risk. Its credit risk requirement is computed in part by reference to 8% of the risk weighted exposure amounts for each of the standard exposure classes set out in BIPRU 3.2.9 R of the FCA handbook. The relevant amount as at 31 December 2018 is £23,000.

The firm has no trading book. It therefore has no minimum capital requirements in respect of trading book business.

The firm has no foreign currency exposure. It therefore has no minimum capital requirements in respect of foreign currency exposure.

The firm has no positions in commodities and therefore no commodity position risk requirement.

Compliance with BIPRU 3,4,6,7 and 10
As a limited licence firm there is no requirement for the firm to maintain an operational risk capital requirement.

The firm has neither retail nor equity exposures that require any allocation of capital.

The firm does not engage in any derivative trading or otherwise take positions in derivative instruments. It therefore has no counterparty risk in relation to such transactions.

Credit risk and dilution risk
The directors consider, for accounting purposes, an exposure to be "past due" when a counterparty has failed to make a payment when contractually due. The directors consider an exposure to be "impaired"

when it becomes likely that the exposure will realise less than its book value. The directors review all receivables for impairment on a regular basis and make provisions where they consider it appropriate.

At 31 December 2018 there were no amounts considered by the directors to be impaired and accordingly no provision for impairment existed at the statement of financial position date.

Risk weighted exposure amounts in accordance with the standardised approach

The firm employs the simplified method of assessing risk weighted exposure amounts and does not employ ratings agencies in connection with this exercise. The firm's only exposure is in respect of its current account which is held with a UK bank rated 'A' by Standard and Poor's.

Market risk
The firm had no capital resource requirement in respect of foreign currency position risk as the company had no foreign currency positions.

Non-trading book exposures in equities
There are no nontrading book exposures in equities.

Exposures to interest rate risk in the non-trading book
The firm is exposed to interest-rate risk in relation to monies held on interest-bearing deposit with the firm's bankers, although the risk involved is considered negligible and accordingly a detailed measurement of interest-rate risk has not been undertaken.

Securitisation
The firm does not engage in securitisation.

Remuneration
The firm ensures that its remuneration of Code Staff is in line with its business strategy, objectives, values, and long-term interests, promotes sound and effective risk management, and does not encourage risk-taking that exceeds the firm's level of tolerated risk.

The Remuneration Committee is made up of at least two Directors drawn from the firm's Board or parent entity, plus the firm's Compliance Officer or Risk Manager, No change in the remuneration of Code Staff, including the payment of discretionary bonuses or the agreement of guaranteed bonuses, may be made by the Board without having first received a recommendation from the Remuneration Committee. Various members of the firm's Code Staff also perform functions within other Mill Group subsidiaries. The following disclosures are therefore in respect of the firm and the Group:

Key management remuneration for the financial year (refer to note 15):
Mill Finance (MFL) - £30,400
Number of Code Staff - 3