

Mills (East Midlands) Limited

**Directors' report and financial
statements**

Registered number 2265281

31 January 2009

SATURDAY



AGLWWC8N

A13

08/08/2009

334

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Mills (East Midlands) Limited	4
Profit and Loss Account	6
Balance Sheet	7
Cash flow statement	8
Notes	10

Directors' report

The directors present their directors' report and financial statements for the 53 weeks ended 31 January 2009.

Principal activities

The principal activity of the company is the operation of retail newsagents and convenience stores.

Review of the business and future developments

During the year, the domestic and global economy entered into recession, the likes of which were last encountered in the early 1990's. During this time banks tightened their lending criteria and prices of bank finance escalated. As a company, we observed consumers' focus switch from borrowing to paying off debts and saving as the unemployment rates rose. With the slump and outlook remaining bleak and expected to last for some time to come, it was and is evident that there is less money to spend in the stores. The customers' focus has changed during this time to be more 'deal' driven and we have reacted to the market conditions by offering more promoted lines than in the past and this has been well accepted by our customers. The result of this is that gross margins on certain lines have reduced but more importantly we have retained the loyalty of our customers.

In order to offset any loss in margin, we have continually looked at our costs, switching suppliers where necessary. During the year, our energy contract expired and despite carrying out supplier comparisons, we encountered higher than anticipated charges. In the latter part of the year, interest rates dropped dramatically and continued to do so into the new financial year with base rate falling to its lowest rate ever. The result of these reductions will be more clearly seen in the year ahead. The company continues to invest in its existing stores, in terms of refits where necessary and develop its training programme for its employees. Despite the economic conditions, the directors consider is well placed to drive the business forward in the year ahead.

Research and development

The company continues to invest in the design and layout of its stores and uses new and existing technology to monitor its customers' buying patterns. The directors consider such investment as integral to the continuing success of the business and ensuring its customers are provided with a shopping environment they appreciate and like to shop in.

Future outlook

The external commercial environment is expected to remain competitive in the period ahead as national retailers continue to expand and invest in the market place. Despite this, the directors believe in the sites the company currently trades from and will continue upgrading the stores to maintain and exceed the current level of performance. This coupled with a continual review of strategic buying, pricing and margins should see improvements in the period ahead.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to competition from both national and independent retailers, employee retention and product availability.

Key performance indicators ('KPIs')

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors' report *(continued)*

Financial risk management

The company's operations are exposed to liquidity risk and interest rate risk. The management of the company closely monitor the levels of debt finance and the related finance costs. The policies to mitigate these risks include detailed forecasting, proactive cash management and close relationships with banking partners.

Results and dividends

The company realised a profit for the year after taxation of £6,260 (2008: £16,779). Dividends of £10,000, £100 per share (2008: *£nil*) were paid during the year.

Directors

The directors during the year and up to the date of signing the financial statements were:

NJ Mills
MG Stokoe
RC Linsell
DM Linsell

Going concern

The company currently has net current liabilities, the directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support from related party undertakings and banking partners.

Disclosure of information to auditors

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 company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



MG Stokoe
Director

Mills House
7/11 Earsdon Road
Whitley Bay
Tyne and Wear
NE25 9SX

30 July 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 and then apply them consistently;
- make judgments and 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Mills (East Midlands) Limited

We have audited the financial statements of Mills (East Midlands) Limited for the year ended 31 January 2009 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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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.

Independent auditors' report to the members of Mills (East Midlands) Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2009 and of its profit 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 July 2009

Profit and Loss Account
for the year ended 31 January 2009

	<i>Note</i>	2009 £	2008 £
Turnover		6,380,596	6,277,892
Cost of sales		(4,731,896)	(4,652,890)
Gross profit		1,648,700	1,625,002
Administrative expenses		(1,828,223)	(1,784,867)
Other operating income		193,458	192,130
Operating profit		13,935	32,265
Loss on disposal of fixed assets		(1,491)	(1,740)
Interest receivable and similar income	2	192	28
Interest payable and similar charges	3	(2,108)	(1,400)
Profit on ordinary activities before taxation	4	10,528	29,153
Tax on profit on ordinary activities	7	(4,268)	(12,374)
Profit for the financial year	18	6,260	16,779

All of the company's operations are continuing.


The company has no recognised gains or losses other than the profit above and therefore no statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

Balance Sheet
at 31 January 2009

	<i>Note</i>	2009 £	2008 £
Fixed assets			
Intangible assets	8	1,084,056	1,064,056
Tangible assets	9	479,180	516,322
		<hr/>	<hr/>
		1,563,236	1,580,378
Current assets			
Stocks	10	301,069	355,275
Debtors	11	114,132	128,543
Cash at bank and in hand		5,175	5,175
		<hr/>	<hr/>
		420,376	488,993
Creditors: amounts falling due within one year	12	(516,078)	(547,119)
		<hr/>	<hr/>
Net current liabilities		(95,702)	(58,126)
		<hr/>	<hr/>
Total assets less current liabilities		1,467,534	1,522,252
Creditors: amounts falling due after more than one year	13	(735,606)	(784,567)
Provisions for liabilities	14	(54,124)	(51,141)
Deferred income	15	-	(5,000)
		<hr/>	<hr/>
Net assets		677,804	681,544
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	100	100
Share premium account	17	19,000	19,000
Profit and loss account	17	658,704	662,444
		<hr/>	<hr/>
Total shareholders' funds	18	677,804	681,544
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 July 2009 and were signed on its behalf by:


MG Stokoe
Director

Cash flow statement
for the year ended 31 January 2009

	2009 £	2008 £
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	13,935	32,265
Depreciation charge	93,256	94,517
Decrease/(increase) in stock	54,206	(20,737)
Decrease in debtors	14,411	2,622
Decrease in deferred income	(5,000)	(8,000)
(Decrease)/increase in creditors	(1,731)	(228,613)
Net cash inflow/(outflow) from operating activities	169,077	(127,946)
Net cash inflow/(outflow) from operating activities	169,077	(127,946)
Returns on investments and servicing of finance		
Interest paid	(1,288)	(902)
Interest paid on finance leases	(398)	(498)
Interest received	192	28
Net cash outflow from returns on investment and servicing of finance	(1,494)	(1,372)
Dividends paid	(10,000)	-
Taxation		
Corporation tax paid	(6,514)	(18,408)
Corporation tax refund	1,913	-
	(4,601)	(18,408)
Capital expenditure and financial investment		
Proceeds from sale of tangible fixed assets	2,250	2,001
Payments to acquire tangible fixed assets	(79,855)	(162,529)
Net cash outflow from capital expenditure and financial investment	(77,605)	(160,528)
Financing		
Finance lease advance	15,027	-
Capital element of finance lease payments	(6,777)	(4,268)
Advance from group undertakings	(53,544)	288,040
Net cash (outflow)/inflow from financing	(45,294)	283,772
Increase/(decrease) in cash	30,083	(24,482)

Cash flow statement (Continued)
for the year ended 31 January 2009

	2009 £	2008 £
Reconciliation of net cash outflow to movement in net debt		
Increase/(decrease) in cash	30,083	(24,482)
Finance lease advance	(15,027)	-
Decrease in lease financing	6,777	4,268
Decrease/(increase) in group financing	53,544	(288,040)
	<hr/>	<hr/>
Change in debt	75,377	(308,254)
Opening net debt	(812,405)	(504,151)
	<hr/>	<hr/>
Closing net debt	(737,028)	(812,405)
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

As highlighted in note 12 to the financial statements, the company meets its day to day working capital requirements through an overdraft facility which is due for renewal in November 2009. The current economic conditions create uncertainty particularly over the future availability of bank finance. The company has assessed its position within the marketplace with regards to risk and considers it is well placed, both now and in the future through its locations and trading model in order to minimise those risks.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility. The company will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed. However, the company holds ongoing discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents the net amounts receivable excluding value added tax from the principal activities of the company, being that of news agency and convenience store retailing. Turnover is recognised at the point of sale which is when the ownership of the goods passes to the customer. All turnover arises in the United Kingdom.

Other operating income

Other operating income represents the net amounts receivable as agent in respect of lottery commissions, cash back, fees, ATM commissions, Paypoint, and Payzone fees. All income arises in the United Kingdom.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the net attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	-	Length of lease remaining at balance sheet date
Fixtures and fittings	-	Between 5% and 25%
Motor vehicles	-	15% - 25%

Stocks

Stocks consist of goods for resale and are stated at the lower of cost and net realisable value. Cost is computed by deducting the gross profit margin from the selling value of stock. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that resulting an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet, except for certain exemptions which under Financial Reporting Standard 19 should not be recognised.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and law enacted at the balance sheet date.

Finance lease

Assets subject to finance leases are capitalised at the present value of the minimum lease payments payable during the lease term with the corresponding obligation to the lessor shown as a liability. Depreciation on leased assets is charged to the profit and loss account using the same rates as for other tangible fixed assets. The finance element of the respective lease payment is accounted for as it falls due.

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a money purchase pension scheme for some of its employees. Pension costs are recognised as they become due.

Intangible assets

Intangible assets comprise goodwill arising on the acquisition of stores. In accordance with FRS 10, for acquisitions made on or after 1 October 1998, goodwill has been capitalised as an intangible asset. The Companies Act 1985 requires that capitalised goodwill must be amortised. The directors have considered the durability of goodwill and believe, after taking into account the quality of the stores, the localised nature of the customer profile, the particular nature of the products sold, the regulatory barriers to selling certain products and the high costs of opening a store, that the goodwill has an indefinite life and does not lose value.

In order to give a true and fair view, the financial statements depart from the specific requirements of the company legislation to amortise goodwill over a finite period. Because of the indefinite life of these intangible assets, it is not possible to quantify the impact of this departure.

Goodwill which is not amortised is subject to an annual impairment review. The carrying value of this goodwill will continue to be reviewed annually for impairment in accordance with Financial Reporting Standard 11 and adjusted to the recoverable amount if required.

Impairment review – The need for any goodwill impairment write down is assessed by comparison of the carrying value of the asset against the higher of net realisable value or value in use. The value in use is determined from estimated discounted future cash flows. The discount rate used in performing the impairment review is the company's weighted average cost of capital adjusted for risks specific to the goodwill.

Notes (continued)

2 Interest receivable and similar income

	2009 £	2008 £
Other interest receivable	192	28

3 Interest payable and similar charges

	2009 £	2008 £
On bank loans and overdrafts	1,622	-
Finance lease interest	398	498
Other interest	88	902
	<u>2,108</u>	<u>1,400</u>

4 Profit on ordinary activities before taxation

	2009 £	2008 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation charge for the period		
- owned assets	92,403	94,517
- leased assets	853	-
Operating lease rentals:		
- plant and machinery	774	1,032
- land and buildings	138,250	136,052
Assigned lease income (see below)	(5,000)	(8,000)
Management fee payable (note 21)	100,000	135,000
Auditors' remuneration:		
Audit of these financial statements	4,700	5,400
Other services relating to taxation	2,700	2,200

During 2004, the company received £40,000 from a supplier relating to an up front payment for the signing of a lease agreement/assignment of a lease. The amount is being spread equally over 5 years (the period of the lease term) in accordance with applicable accounting standards.

Notes (continued)

5 Staff numbers and costs

	2009 £	2008 £
Staff costs		
Wages and salaries	1,251,001	1,206,260
Social security costs	55,742	48,976
Other pension costs (note 22)	5,897	7,686
	<u>1,312,640</u>	<u>1,262,922</u>

The average number of people employed by the company during the year was as follows:

By activity	2009 Number	2008 Number
Office staff and management	5	5
Shop staff	125	124
	<u>130</u>	<u>129</u>

6 Remuneration of directors

Included within staff costs (note 5) are the following amounts in respect of two (2008: two) directors' emoluments:

	2009 £	2008 £
Aggregate emoluments	87,056	85,243
Company contributions paid to a money purchase pension scheme	4,133	4,042
	<u>91,189</u>	<u>89,285</u>

Retirement benefits are accruing to one (2008: one) director under a money purchase pension scheme.

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of charge in year

	2009 £	2008 £
<i>Current tax</i>		
Current tax on income for the period	8,150	11,463
Adjustments in respect of prior periods	(6,865)	2,434
Total current tax	1,285	13,897
<i>Deferred tax (see note 14)</i>		
Origination and reversal of timing differences	(5,420)	1,987
Adjustments in respect of prior periods	8,403	-
Effect of tax rate change on opening balances	-	(3,510)
Total deferred tax	2,983	(1,523)
Tax on profit on ordinary activities	4,268	12,374

Factors affecting tax charge for the period

The tax assessed for the year is lower (2008: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2009 £	2008 £
Profit on ordinary activities before tax	10,528	29,153
Current tax at 28.33% (2008: 30%)	2,982	8,746
<i>Effects of</i>		
Expenses not deductible for tax purposes	2,873	7,410
Depreciation (less than)/in excess of capital allowances	5,484	(1,685)
Tax at marginal rates	(2,423)	(3,008)
Adjustments in respect of previous periods	(6,865)	2,434
Group relief claimed with no payment	(766)	-
Current tax charge for period	1,285	13,897

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

Notes (continued)

8 Intangible assets

	Goodwill £
<i>Cost and net book amount</i>	
At beginning of period	1,064,056
Additions	20,000
	<hr/>
At end of period	1,084,056
	<hr/>

The need for any goodwill impairment write down is assessed by comparison of the carrying value of the asset against the higher of net realisable value or value in use. The value in use is determined from estimated discounted future cash flows based on approved budgets. The discount rate used in performing the impairment review is 10%.

9 Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of period	152,101	1,050,370	4,841	1,207,312
Additions	-	59,855	-	59,855
Disposals	-	-	(4,841)	(4,841)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	152,101	1,110,225	-	1,262,326
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At beginning of period	58,515	632,035	440	690,990
Charge for the period	9,888	82,708	660	93,256
Disposals	-	-	(1,100)	(1,100)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	68,403	714,743	-	783,146
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>				
At 31 January 2009	83,698	395,482	-	479,180
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 January 2008	93,586	418,335	4,401	516,322
	<hr/>	<hr/>	<hr/>	<hr/>

The net amount of assets held under finance leases as at 31 January 2009 was £11,936 (2008: £nil) and the related accumulated depreciation was £853 (2008: £nil). The amount of depreciation allocated for the period was £853 (2008: £nil).

Notes (continued)

10 Stocks

	2009 £	2008 £
Goods held for resale	301,069	355,275

11 Debtors

	2009 £	2008 £
Trade debtors	52,678	47,679
Prepayments and accrued income	40,124	51,072
Other debtors	21,330	29,792
	114,132	128,543

12 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts (note 13)	2,931	33,013
Trade creditors	350,417	418,104
Obligations under finance leases (note 13)	3,667	-
Corporation tax	8,147	11,463
Other taxation and social security	26,488	21,027
Other creditors	670	2,582
Accruals and deferred income	123,758	60,930
	516,078	547,119

The bank overdraft is secured by a fixed and floating charge over the company's assets.

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Obligations under finance leases	4,583	-
Amounts due to group undertakings (note 21)	731,023	784,567
	<u>735,606</u>	<u>784,567</u>

Amounts due to group undertakings are non-interest bearing with no fixed repayment date and no security.

	2009 £	2008 £
Maturity of debt		
Due within one year	6,598	33,013
Due within two to five years	4,583	-
Due in more than five years	731,023	784,567
	<u>742,204</u>	<u>817,580</u>

Finance leases

Future minimum payments under finance leases are as follows:

	2009 £	2008 £
Within one year	3,667	-
Within two to five years inclusive	4,583	-
	<u>8,250</u>	<u>-</u>

Notes (continued)

14 Provisions for liabilities

Deferred tax	2009 £	2008 £
Excess of tax allowances over depreciation	54,124	51,141
		Deferred taxation £
At beginning of period		51,141
Deferred tax charge in profit and loss account (see note 7)		2,983
At end of period		54,124

15 Deferred income

	2009 £	2008 £
Deferred income	-	5,000

Deferred income has arisen on an ATM contract. The duration of this contract is five years and the income is being recognised over this period. Further disclosure on this contract is given in note 4.

16 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
250,000 Ordinary shares of £1 each	250,000	250,000
<i>Allotted and fully paid</i>		
100 Ordinary shares of £1 each	100	100

Notes (continued)

17 Reserves

	Share premium account £	Profit and loss account £
At beginning of period	19,000	662,444
Profit for the financial year	-	6,260
Dividends paid in year	-	(10,000)
At end of period	19,000	658,704

18 Reconciliation of movements in total shareholders' funds

	2009 £	2008 £
Profit for the financial year	6,260	16,779
Dividends in shares classified as shareholders' funds	(10,000)	-
Net (reduction in)/addition to shareholders' funds	(3,740)	16,779
Opening total shareholders' funds	681,544	664,765
Closing total shareholders' funds	677,804	681,544

19 Lease obligations

The company has annual commitments under operating leases expiring as follows:

	Plant and machinery		Land and buildings	
	2009 £	2008 £	2009 £	2008 £
In two to five years	1,032	5,026	18,300	-
In more than five years	-	-	126,400	139,100
	1,032	5,026	144,700	139,100

Notes (continued)

20 Analysis of changes in net debt

	2008	Cash flow	2009
	£	£	£
Cash at bank and in hand	5,175	-	5,175
Bank overdrafts	(33,013)	30,082	(2,931)
	(27,838)	30,082	2,245
Finance leases	-	(8,250)	(8,250)
Amounts owed to group undertakings	(784,567)	53,544	(731,023)
Net debt	(812,405)	75,376	(737,028)

21 Related party transactions

Mills Group Limited who are a fellow subsidiary of Mills Group Holdings Limited charged Mills (East Midlands) Limited a management fee of £100,000 (2008: £135,000).

During the period the company was charged rent totalling £36,750 (2008: £35,000) by Closewalk Limited who are a related party by means of common directorship of NJ Mills and MG Stokoe.

During the period rent of £29,000 (2008: £29,000) was paid to connected persons of NJ Mills.

At the period end the company owed £731,023 (2008: £784,567) to Mills Group Limited.

22 Pensions

The company operates a money purchase pension scheme for some employees. Pension costs for the year were £5,897 (2008: £7,686).

23 Ultimate controlling party

The company's immediate parent undertaking is Mills Group Limited. The company's ultimate parent company is Mills Group Holdings Plc, a company registered in England, which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the group accounts can be obtained from the Registered Office, 7-11 Earsdon Road, Whitley Bay, Tyne and Wear.

The ultimate controlling party is NJ Mills as he has the controlling shareholding of the ultimate parent Mills Group Holdings Plc.