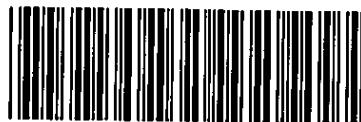


# Financial statements Mills CNC Finance Limited

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**For the Year Ended 31 December 2008**

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## Officers and professional advisers

<b>Company registration number</b>	1479073
<b>Registered office</b>	Units 2 & 3 Tachbrook Link Tachbrook Park Drive Leamington Spa Warwickshire CV34 6SN
<b>Directors</b>	Mr N Ahluwalia Mr N Frampton Mr A Jack
<b>Secretary</b>	N Ahluwalia
<b>Bankers</b>	Barclays PO Box 885 Mortlock House Histon Cambridge CB4 9DE
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Enterprise House 115 Edmund Street BIRMINGHAM B3 2HJ

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

### **Principal activities**

The principal activity of the company during the year was the sourcing of finance for the purchase of machine tools.

### **Results and dividends**

The company achieved a profit of £5,011 (2007: loss of £25,578).

### **Directors**

The directors who served the company during the year were as follows:

Mr N Ahluwalia  
Mr N Frampton  
Mr A Jack  
M Jenkins (resigned 29 August 2008)

### **Directors' responsibilities**

The directors are responsible for preparing 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 United Kingdom Accounting Standards (United Kingdom 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 judgements and estimates that are reasonable and prudent;
- 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**Small company provisions**

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

BY ORDER OF THE BOARD



N Ahluwalia  
Director  
20 July 2009



## Report of the independent auditor to the members of Mills CNC Finance Limited

We have audited the financial statements of Mills CNC Finance Limited for the year ended 31 December 2008 on pages 8 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of 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 judgements 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.

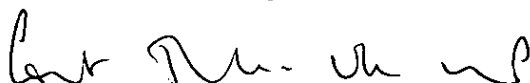
## Report of the independent auditor to the members of Mills CNC Finance Limited (continued)

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.

### **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 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 Report of the Directors is consistent with the financial statements.



**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
BIRMINGHAM**

**20 July 2009**

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

### **Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary and its results are consolidated within Mills Manufacturing Group Limited which accounts are publicly available.

### **Turnover**

Turnover, which is stated net of value added tax, comprises commissions earned from third parties and fellow subsidiaries for the provision of finance facilities for customers of Mills Manufacturing Technology Limited.

### **Pension costs**

#### *Defined contribution scheme*

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.



## Profit and loss account

	Note	2008 £	2007 £
Turnover	1	96,705	75,424
Other operating charges	2	90,359	101,002
<b>Operating profit/(loss)</b>	3	<b>6,346</b>	<b>(25,578)</b>
Interest receivable		—	—
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>6,346</b>	<b>(25,578)</b>
Tax on profit/(loss) on ordinary activities	4	1,335	—
<b>Profit/(loss) for the financial year</b>	10	<b>5,011</b>	<b>(25,578)</b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	2008 £	2007 £
<b>Current assets</b>			
Debtors	5	600,722	618,224
Cash at bank		71,261	15,505
		<u>671,983</u>	<u>633,729</u>
<b>Creditors: amounts falling due within one year</b>	6	205,015	171,772
<b>Net current assets</b>		<u>466,968</u>	<u>461,957</u>
<b>Total assets less current liabilities</b>		<u>466,968</u>	<u>461,957</u>
<b>Capital and reserves</b>			
Called-up equity share capital	9	20,000	20,000
Profit and loss account	10	446,968	441,957
<b>Shareholders' funds</b>	11	<u>466,968</u>	<u>461,957</u>

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

These financial statements were approved by the directors and authorised for issue on 20 July 2009 and are signed on their behalf by:



N Ahluwalia  
 Director

## Notes to the financial statements

### **1 Turnover**

All turnover arose within the United Kingdom.

### **2 Other operating charges**

	2008 £	2007 £
Administrative expenses	<u>90,359</u>	<u>101,003</u>

### **3 Operating profit/(loss)**

Operating profit/(loss) is stated after charging:

	2008 £	2007 £
Staff pension contributions	4,058	4,588
Auditor's fees	3,000	3,000
Operating lease costs:		
Vehicles	<u>6,665</u>	<u>6,695</u>

The directors did not receive any emoluments in connection with their position as directors of the company or in connection with the management of the affairs of the company.

### **4 Taxation on ordinary activities**

Factors affecting current tax charge

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation	<u>6,346</u>	<u>(25,578)</u>
Loss on ordinary activities by rate of tax of 20.75% (2007: 20%)	1,335	(4,860)
Unrelieved tax losses	-	4,860
Total current tax	<u>1,335</u>	<u>-</u>

**5 Debtors**

	2008 £	2007 £
Trade debtors	8,996	—
Amounts owed by group undertakings	591,691	583,186
Other debtors	35	35,038
	<u>600,722</u>	<u>618,224</u>

**6 Creditors: amounts falling due within one year**

	2008 £	2007 £
Amounts owed to group undertakings	186,898	142,968
Other taxation	1,109	770
Other creditors	15,673	28,034
Corporation tax	1,335	—
	<u>205,015</u>	<u>171,772</u>

**7 Contingencies**

The company has entered into an unlimited guarantee in respect of bank loans and overdrafts with other companies within the group. At the year end the facility was £4,275,000 (2007: £1,817,500).

During the year, the company has entered into a guarantee in respect of a loan note of £2,300,000 with other companies within the group. At the year end the loan note and accrued interest was £2,376,000.

There is also a group VAT registration in place. There was a net creditor at the end of the year of £13,313 (2007: £270,420).

**8 Related party transactions**

The company has taken advantage of the exemptions available under FRS8 from the disclosures relating to transactions with other group companies.

**9 Share capital**

Authorised share capital:

	2008 £	2007 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2008 No	£	2007 No	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

**10 Reserves**

	Profit and loss account £
At 1 January 2008	441,957
Profit for the year	<u>5,011</u>
At 31 December 2008	<u>446,968</u>

**11 Reconciliation of movements in shareholders' funds**

	2008 £	2007 £
Profit/(loss) for the financial year	5,011	(25,578)
Opening shareholders' funds	<u>461,957</u>	<u>487,535</u>
Closing shareholders' funds	<u>466,968</u>	<u>461,957</u>

**12 Capital commitments**

The directors have confirmed that there were no capital commitments at 31 December 2008 or 31 December 2007.

**13 Parent undertaking and controlling party**

The company is controlled by Mills Manufacturing Technology Holdings Limited.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Mills CNC Group Limited. Consolidated accounts are available from The Secretary, Mills CNC Group Limited, Units 2&3 Tachbrook Link, Tachbrook Park Drive, Leamington Spa, Warwickshire, CV34 6RH.

In the opinion of the directors, this is the company's ultimate parent company and the ultimate controlling party.