

Company Registration number 00853991

## **MMF (UK) LIMITED**

### **Financial Statements**

**For the year ended 30 June 2009**

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# **MMF (UK) LIMITED**

Company number 00853991

## **Financial statements for the year ended 30 June 2009**

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# **MMF (UK) LIMITED**

Company number 00853991

## **Directors, officers and advisors**

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### **Directors**

Mr S D Pearlman  
Mr M Pearlman  
Mr I S Mackenzie  
Mr D Liddle

### **Secretary**

Mr M Pearlman

### **Registered office**

10 Murton Street  
Sunderland  
Tyne & Wear  
SR1 2RB

### **Registered number**

00853991

### **Principal place of business**

10 Murton Street  
Sunderland  
Tyne & Wear  
SR1 2RB

### **Auditors**

RMT  
Statutory Auditors  
Gosforth Park Avenue  
Newcastle upon Tyne  
NE12 8EG

### **Bankers**

Bank of Scotland plc  
41/51 Grey Street  
Newcastle upon Tyne  
NE1 6EE

# **MMF (UK) LIMITED**

Company number 00853991

## **Directors' report for the year ended 30 June 2009**

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The directors present their report and the financial statements of the company for the year ended 30 June 2009

### **Principal activity**

The principal activity of the company is that of credit grantors

### **Review of the business**

Turnover has reduced this year by 11 per cent to £3,766,755. The directors consider the loss on ordinary activities before taxation to be a result of the difficult trading conditions faced throughout the year. In addition, during the year the company carried out a full bad debt review which had significant effects on the results.

### **Future developments**

The directors are optimistic about the long term prospects for continued recovery. Since the year end the company has increased turnover, improved their cash balance, taken significant orders for Christmas Hampers and has continued to explore possible system enhancements to further improve efficiency.

### **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 board reviews these risks and puts in place policies to mitigate them.

The key business and financial risks are:

#### *Interest rate risk*

The company monitors interest rate risk and considers that its current policy meets its objectives of managing its exposure.

#### *Credit risk*

The company monitors credit risk and considers that its current policy of strict credit checks meets its objectives of managing its exposure.

#### *Liquidity risk*

The directors regularly have management accounts reviewed by an external source and submitted to their largest provider of finance to ensure the same level of support is offered. The company considers this, along with adhering to strict recovery objectives in place, are sufficient to manage its liquidity risk exposure.

#### *Bad debt*

The company's continued recovery depends largely on the continued collection of current debts. Agents are encouraged to keep bad debts to the minimum by way of a collections based commission system. Bad debts are reviewed regularly and agents are informed of any debts where collection would be preferred.

### **Results and dividends**

The results for the year are shown on the profit and loss account on page 6. The loss for the year after taxation was £576,068.

The directors do not recommend the payment of a dividend for the year.

### **Directors**

The directors who served during the year were:

Mr S D Pearlman

Mr M Pearlman

Mr I S Mackenzie

Mr D Liddle (appointed 1 July 2008)

# MMF (UK) LIMITED

Company number 00853991

## Directors' report for the year ended 30 June 2009 (continued)

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### Directors' responsibilities

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 as at the end of the financial year and of the profit or loss of the company for that period. 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,
- 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 maintaining proper accounting records which 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 2006. It is also their responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities.

### Going concern

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the shareholders and external providers of finance.

If the going concern basis proved not to be valid, adjustments would have to be made to restate the value of the assets to their recoverable amount, to provide any further liabilities that may arise and reclassify fixed assets as current and long term liabilities as current liabilities. External providers of finance have indicated their continued support by way of granting extended credit facilities for the following year.

### Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. In addition, the directors have taken all the steps necessary to ensure they are aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

A resolution to reappoint RMT as auditors of the company will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board

  
Mr S D Pearlman  
Director

Approved by the board on

1.2.10

# **MMF (UK) LIMITED**

Company number 00853991

## **Independent auditors' report to the shareholders of MMF (UK) Limited**

We have audited the financial statements of MMF (UK) Limited for the year ended 30 June 2009 which comprise the profit and loss account, balance sheet, cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members as a body, in accordance with Section 445 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 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 Annual Report and 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant account estimates made by the directors, and the overall presentation of the financial statements.

# MMF (UK) LIMITED

Company number 00853991

## Independent auditors' report to the shareholders of MMF (UK) Limited (continued)

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### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the loss 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

### Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is unqualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £576,068 during the year ended 30 June 2009 and, at that date, the company's current liabilities exceeded its current assets by £1,363,928. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.


### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Anthony Josephs (Senior Statutory Auditor)  
for and on behalf of RMT, Statutory Auditors

RMT  
Statutory Auditors  
Gosforth Park Avenue  
Newcastle upon Tyne  
NE12 8EG

Date

19.2.10

**MMF (UK) LIMITED**

Company number 00853991

**Profit and loss account for the year ended 30 June 2009**

	<b>Notes</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	1	<b>3,766,755</b>	4,253,102
Cost of sales		<b>(1,368,985)</b>	(1,472,000)
<b>Gross profit</b>		<b>2,397,770</b>	2,781,102
Distribution costs		<b>(801,862)</b>	(1,067,860)
Administration expenses		<b>(1,880,120)</b>	(2,794,896)
		<b>(2,681,982)</b>	(3,862,756)
Other operating income	2	-	128,475
Net operating expenses		<b>(2,681,982)</b>	(3,734,281)
<b>Operating loss</b>	3	<b>(284,212)</b>	(953,179)
Income from fixed asset investments	6	<b>47</b>	45
Interest payable and similar charges	7	<b>(291,903)</b>	(371,804)
<b>Loss on ordinary activities before taxation</b>		<b>(576,068)</b>	(1,324,938)
Taxation on loss on ordinary activities	8	-	-
<b>Loss for the financial year</b>	17	<b>(576,068)</b>	(1,324,938)

The results derive from continuing operations

There is no material difference between the result for the period stated above and that prepared on a historical cost basis

The notes on pages 10 to 21 form part of these financial statements



**MMF (UK) LIMITED**

Company number 00853991

**Statement of total recognised gains and losses**  
**For the year ended 30 June 2009**

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	<u>2009</u>	<u>2008</u>
	£	£
Loss for the financial year	(576,068)	(1,324,938)
Actuarial loss on the pension scheme	<u>(220,000)</u>	<u>(264,000)</u>
Total recognised gains and losses recognised since the last annual report	<u><u>(796,068)</u></u>	<u><u>(1,588,938)</u></u>

The notes on pages 10 to 21 form part of these financial statements

**MMF (UK) LIMITED**

Company number 00853991

**Balance sheet at 30 June 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		£	£
<b>Fixed assets</b>			
Tangible assets	9	225,672	315,806
Investments	10	1,333,412	1,333,412
		<u>1,559,084</u>	<u>1,649,218</u>
<b>Current assets</b>			
Stock	11	19,424	14,411
Debtors	12	3,203,565	4,067,554
Cash at bank and in hand		62,931	4,066
		<u>3,285,920</u>	<u>4,086,031</u>
<b>Creditors</b> amounts falling due within one year	13	<u>(4,650,896)</u>	<u>(4,896,176)</u>
<b>Net current liabilities</b>		<u>(1,364,976)</u>	<u>(810,145)</u>
<b>Total assets less current liabilities</b>		<u>194,108</u>	<u>839,073</u>
<b>Creditors</b> amounts falling due after more than one year	14	(171,292)	(246,189)
<b>Pension liability</b>	20	(447,000)	(221,000)
		<u>(424,184)</u>	<u>371,884</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,076	1,076
Deficit on profit and loss account	17	(1,307,445)	(737,377)
Pension reserve	17	(447,000)	(221,000)
Merger reserve account	17	1,329,185	1,329,185
<b>Shareholders' funds</b>	18	<u>(424,184)</u>	<u>371,884</u>

Approved by the board of directors and authorised for issue on 1.2.10 and signed on its behalf

  
Mr S D Pearlman  
Director

The notes on pages 10 to 21 form part of these financial statements

**MMF (UK) LIMITED**

Company number 00853991

**Cash flow statement for the year ended 30 June 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		£	£
<b>Operating activities</b>			
Net cash inflow from operating activities	19a	665,899	256,797
<b>Returns on investments and servicing of finance</b>			
Interest and similar income received		47	45
Interest and similar charges paid		(275,765)	(355,989)
Interest element of finance lease payments		(16,138)	(15,815)
Net cash outflow from returns on investments and servicing of finance		(291,856)	(371,759)
<b>Taxation</b>			
Corporation tax refunds received/(paid)		1,048	(477)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(22,791)	(80,927)
Receipts from sale of tangible fixed assets		101,934	122,833
Net cash inflow from investing activities		79,143	41,906
		454,234	(73,533)
<b>Financing</b>			
Capital repayments on finance lease and HP contracts		(147,632)	(171,178)
Net cash outflow from financing		(147,632)	(171,178)
<b>Increase/(decrease) in cash</b>	19c	306,602	(244,711)

The notes on pages 10 to 21 form part of these financial statements

**Notes to the financial statements for the year ended 30 June 2009**

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**1 Accounting policies****a) Going concern**

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the shareholders and external providers of finance

If the going concern basis proved not to be valid, adjustments would have to be made to restate the value of the assets to their recoverable amount, to provide any further liabilities that may arise and reclassify fixed assets as current and long term liabilities as current liabilities. External providers of finance have indicated their continued support by way of granting extended credit facilities for the following year

**b) Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards

**c) Turnover**

Turnover represents sales in relation to credit services granted to third parties. Turnover is attributable to the company's principal activity and all sales were made in the United Kingdom

**d) Consolidation**

The company is the parent company in a medium-sized group, and has therefore taken advantage of the option provided by section 398 of the Companies Act 2006 not to prepare consolidated accounts

**e) Depreciation of tangible fixed assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Land and buildings	not depreciated
Motor vehicles	25% reducing balance
Office furniture and equipment	25% reducing balance
Computer equipment	25% reducing balance

In the opinion of the directors the estimated residual value of the freehold and leasehold properties are such that the annual charge for depreciation and accumulated depreciation are immaterial. Consequently, no depreciation is provided on the properties

**f) Deferred taxation**

Deferred taxation is accounted for in respect of all material timing differences that have originated but not reversed at the balance sheet date. Timing differences arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is calculated at the rate at which it is anticipated the timing differences will reverse and is measured on a non-discounted basis. Deferred tax assets are only recognised to the extent that they are regarded as recoverable

**g) Hire purchase and lease transactions**

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

Rentals under operating leases are charged to the profit and loss account as they fall due

**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****1 Accounting policies (continued)****h) Pension scheme**

The company operates a money purchase (defined contribution) pension scheme and a final salary (defined benefit) pension scheme. Contributions payable to these schemes are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

**2 Other operating income**

	2009	2008
	£	£
Other income	-	128,475

**3 Operating loss**

This is stated after charging

	2009	2008
	£	£
Depreciation of owned assets	26,443	24,002
Depreciation of assets under hire purchase	53,415	44,993
Loss on sale of fixed asset	6,562	13,195
Auditors' remuneration	9,500	9,500
Non-audit service remuneration paid to auditors	8,791	9,065
Operating lease rentals - motor vehicles	64,717	73,636

**4 Employee information**

	2009	2008
	£	£
<b>Staff costs</b>		
Wages and salaries	1,018,953	1,096,797
Social security costs	106,306	123,155
Other pension costs	34,008	109,691
	<b>1,159,267</b>	<b>1,329,643</b>

The average number of persons employed during the year, including executive directors, was made up as follows

	2009	2008
	Number	Number
Office and management	45	55
Collectors	2	3
	<b>47</b>	<b>58</b>

**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****5 Directors' emoluments**

	2009	2008
	£	£
Emoluments	312,894	297,366
Company contributions to pension schemes	21,901	75,122
	<u>334,795</u>	<u>372,488</u>

The remuneration of the highest paid director was

Emoluments	<u>153,347</u>	<u>228,092</u>
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The number of directors who were accruing benefits under company pension schemes were as follows

Defined benefit schemes	1	1
Defined contribution schemes	2	1
	<u>3</u>	<u>2</u>

**6 Income from fixed asset investments**

	2009	2008
	£	£
Dividends received	<u>47</u>	<u>45</u>

**7 Interest payable and similar charges**

	2009	2008
	£	£
On bank overdrafts	266,502	348,782
On hire purchase contracts	16,138	15,815
Other interest	9,263	7,207
	<u>291,903</u>	<u>371,804</u>
Pension scheme net service costs	6,000	(17,000)
	<u>297,903</u>	<u>354,804</u>

**8 Tax on loss on ordinary activities**

At the year end the company had taxable losses carried forward of £2,620,129 (2008 £2,061,641)

**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****9 Tangible fixed assets**

	Land and buildings	Motor vehicles	Office furniture and equipment	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 2008	22,228	310,201	64,148	342,050	738,627
Additions	-	75,430	105	22,686	98,221
Disposals	-	(186,873)	-	-	(186,873)
At 30 June 2009	<b>22,228</b>	<b>198,758</b>	<b>64,253</b>	<b>364,736</b>	<b>649,975</b>
<b>Depreciation</b>					
At 1 July 2008	14,257	93,754	61,937	252,873	422,821
Provision for the year	-	53,415	541	25,902	79,858
Adjustments for disposals	-	(78,376)	-	-	(78,376)
At 30 June 2009	<b>14,257</b>	<b>68,793</b>	<b>62,478</b>	<b>278,775</b>	<b>424,303</b>
<b>Net book value</b>					
At 30 June 2009	<b>7,971</b>	<b>129,965</b>	<b>1,775</b>	<b>85,961</b>	<b>225,672</b>
At 1 July 2008	7,971	216,447	2,211	89,177	315,806

The net book value of land and buildings at 30 June 2009 is made up as follows

	2009	2008
	£	£
Long-term leasehold premises	<b>7,971</b>	<b>7,971</b>

Included within fixed assets are assets under finance leases and hire purchase contracts with a net book value of £129,965 (2008 £207,813)

The depreciation charge for the year includes £53,415 (2008 £44,993) in respect of assets held under finance leases or under hire purchase contracts

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired

**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****10 Investments**

	<u>Shares in subsidiary undertakings</u>	<u>Total</u>
	£	£
<b>Cost or valuation</b>		
At 1 July 2008 and 30 June 2009	<u>1,333,412</u>	<u>1,333,412</u>

On 31 March 2003 the company acquired the entire ordinary share capital of J Pearlman (Ashington) Limited, J Pearlman and Sons Limited and RD&P (Warehouses) Limited via a share for share exchange. On that date the entire trade and net assets of J Pearlman (Ashington) Limited and J Pearlman and Sons Limited were transferred to the company at net book value. The cost of the investment reflected the underlying fair value of the respective net assets at the time of acquisitions.

No adjustment has been made to the carrying value of the company's investment in the subsidiaries in these accounts. This represents a departure from the accounting principles, which requires net assets to be written down to the lower of cost and net realisable value. If an adjustment had been made, it would require a write-off through the company profit and loss account. As there has been no overall loss to the group because the trade and assets are still held within the group, the directors consider that the policy is necessary in order that the financial statements give a true and fair view.

**Financial information summary**

<b>Name and country of incorporation</b>	<b>Type of shareholding</b>	<b>Proportion held</b>
RD&P (Warehouses) Limited - (England)	Ordinary shares	100%
J Pearlman and Sons Limited - (England)	Ordinary shares	100%
J Pearlman (Ashington) Limited - (England)	Ordinary shares	100%
	<b>Capital and reserves</b>	<b>Results for the year</b>
	£	£
RD&P (Warehouses) Limited	£nil	dissolved
J Pearlman and Sons Limited	£nil	non-trading
J Pearlman (Ashington) Limited	£nil	dissolved

**11 Stocks**

	<u>2009</u>	<u>2008</u>
	£	£
Finished goods and goods for resale	<u>19,424</u>	<u>14,411</u>



**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****12 Debtors**

	2009	2008
	£	£
Trade debtors	3,109,560	3,666,732
Other debtors	47,598	198,801
Prepaid expenses and accrued income	46,146	63,472
Directors' current accounts	261	138,549
	<u>3,203,565</u>	<u>4,067,554</u>

Included in directors' current accounts are amounts totalling £291 (2008 £134,041) due from S D Pearlman, £nil (2008 £4,538) due from M Pearlman and £(30) (2008 £(30)) due to Dr H A Davis, all of whom acted as directors of the company when the balance arose

The maximum outstanding balances during the year were £134,101, £4,563 and £(30) for S D Pearlman, M Pearlman and Dr H A Davis respectively. There are no fixed terms as to interest or repayment of these amounts

**13 Creditors amounts falling due within one year**

	2009	2008
	£	£
Bank overdraft	4,470,000	4,716,689
Trade creditors	-	881
Other creditors	63,200	50,000
Other tax and social security	28,049	36,845
Obligations under hire purchase contracts (note 15)	39,646	36,952
Accruals and deferred income	50,001	54,809
	<u>4,650,896</u>	<u>4,896,176</u>

Bank overdrafts amounting to £4,470,000 (2008 £4,716,689) are secured by a floating charge over the company's assets and undertakings

Also included within creditors falling due within one year are secured amounts under hire purchase contracts amounting to £39,646 (2008 £36,952)

**14 Creditors amounts falling due after more than one year**

	2009	2008
	£	£
Obligations under hire purchase contracts (note 15)	76,292	151,189
Loan	95,000	95,000
	<u>171,292</u>	<u>246,189</u>

The loan is from J Pearlman and Sons Limited Retirement Benefit Scheme and is renewable in 2011. Interest is payable at the rate of 9% per annum.

Also included within creditors falling due after more than one year are secured amounts under hire purchase contracts amounting to £76,292 (2008 £151,189)

**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****14 Creditors amounts falling due after more than one year (continued)****Analysis of loan repayments**

	2009	2008
	£	£
Bank overdraft		
Within one year or on demand	4,470,000	4,716,689
Other loans		
Within one year or on demand	39,646	36,952
Between two and five years	171,292	246,189
	<u>4,680,938</u>	<u>4,999,830</u>
Less amounts included in current liabilities (note 13)	<u>(4,509,646)</u>	<u>(4,753,641)</u>
	<u>171,292</u>	<u>246,189</u>

**15 Commitments under hire purchase agreements**

	2009	2008
	£	£
Amounts payable within 1 year (note 13)	39,646	36,952
Amounts payable between 2 to 5 years (note 14)	76,292	151,189
	<u>115,938</u>	<u>188,141</u>

**16 Called-up share capital**

	2009	2008
	£	£
Allotted, called up and fully paid		
Equity shares		
Ordinary shares of £1 each	<u>1,076</u>	<u>1,076</u>

**17 Reserves**

	Pension reserve account	Merger reserve account	Profit and loss account
	£	£	£
At 1 July 2008	(221,000)	1,329,185	(737,377)
Loss for the year	-	-	(576,068)
Pension fund charged to profit and loss account	(6,000)	-	6,000
Other gains and losses during the year	(220,000)	-	-
At 30 June 2009	<u>(447,000)</u>	<u>1,329,185</u>	<u>(1,307,445)</u>

**MMF (UK) LIMITED**

Company number 00853991

**Notes to the financial statements for the year ended 30 June 2009  
(continued)****18 Reconciliation of movement in shareholders' funds**

	2009	2008
	£	£
Loss for the year	(576,068)	(1,324,938)
Retained loss for the year	(576,068)	(1,324,938)
Net pension fund charge to profit and loss account	6,000	(17,000)
Movement in pension reserve	(226,000)	(247,000)
Net reduction in shareholders' funds	(796,068)	(1,588,938)
Shareholders' funds at 1 July 2008	371,884	1,960,822
Shareholders' funds at 30 June 2009	(424,184)	371,884
<b>Shareholders' funds may be analysed as follows:</b>		
Attributable to equity interests	(424,184)	371,884

**19 Notes to the cash flow statement****a) Reconciliation of operating profit to net cash flow from operating activities**

	2009	2008
	£	£
Operating loss (including pension service costs)	(278,212)	(970,179)
Depreciation charges	79,858	68,995
Loss on sale of fixed assets	6,562	13,195
Increase in stock	(5,013)	(3,658)
Decrease in debtors	863,989	1,238,131
Decrease in creditors	(1,285)	(89,687)
Net cash inflow from operating activities	665,899	256,797

**b) Analysis of change in net debt**

	Brought forward	Cash flows	Other changes	Carried forward
Cash at bank and in hand	4,066	58,865	-	62,931
Bank overdraft	(4,716,689)	246,689	-	(4,470,000)
	(4,712,623)	305,554	-	(4,407,069)
Debt due within one year	(36,952)	144,938	(147,632)	(39,646)
Debt due after more than one year	(246,189)	74,897	-	(171,292)
	(4,995,764)	525,389	(147,632)	(4,618,007)

**c) Reconciliation of net cash flow to movement in debt**

	2009	2008
	£	£
Net increase/(decrease) in cash	306,602	(244,711)
Increase in finance lease and HP contracts	72,203	(23,385)
Changes in net debt	378,805	(268,096)
Net debt at 1 July 2008	(4,995,764)	(4,728,145)
Net debt at 30 June 2009	(4,616,959)	(4,996,241)

# MMF (UK) LIMITED

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## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 20 Pension commitments and other post-retirement benefits

#### Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £21,901 (2008 £75,122).

#### Defined benefit scheme

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

An independent actuary carried out a full valuation of the scheme at 28 June 2008. Contributions to the scheme were £nil (2008 £nil). Future contributions are reviewed at each actuarial valuation. This scheme was closed to new members as of 28 June 2003 and a defined contribution scheme has been set up to provide ongoing retirement benefits for the members of the old scheme and for new employees.

The net pension service charge for the period was £6,000 (2008 £(17,000)).

#### Composition of the schemes

The company operates a defined benefit scheme. A full actuarial valuation was carried out at 28 June 2005 and updated to 28 June 2008 by a qualified independent actuary. The major assumptions used by the actuary were:

	2009	2008
	%	%
Discount rate	6.5	6.6
Price inflation	3.2	4.2
LPI pension increase	3.0	3.7
Deferred pension revaluation	3.2	4.2
Male mortality - Pre retirement	-	-
Female mortality - Pre retirement	-	-

The male mortality post retirement has been assumed at S1NMA (YoB) mc with 1% minimum improvement level for both 2008 and 2009.

The female mortality post retirement has been assumed at S1NFA (YoB) mc with 1% minimum improvement level for both 2008 and 2009.

**MMF (UK) LIMITED**

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**Notes to the financial statements for the year ended 30 June 2009  
(continued)****20 Pension commitments and other post-retirement benefits (continued)**

The assets in the scheme and the expected rate of return were

	Long-term rate of ret expected at	Value at 2009	Long term rate of ret expected at	Value at 2008	Long term rate of ret expected at	Value at 2007
	2009	£	2008	£	2007	£
Equities	8.0	710,642	8.0	857,000	7.5	1,043,000
Bonds	5.0	19,992	5.0	19,000	5.2	25,000
Property	6.5	90,492	6.5	133,000	5.2	173,000
Other	0.5	130,874	5.0	188,000	5.2	192,000
Total market value of assets		952,000		1,197,000		1,433,000
Present value of scheme liabilities		(1,399,000)		(1,418,000)		(1,407,000)
(Deficit)/surplus in scheme		<u>(447,000)</u>		<u>(221,000)</u>		<u>26,000</u>

**Amounts recognised in the profit and loss account**

	2009	2008
	£	£
Expected return on pension scheme assets	85,000	97,000
Interest on benefit obligation	(91,000)	(80,000)
Total pension cost	<u>6,000</u>	<u>(17,000)</u>

**Actual return on fair value of scheme assets**

	2009	2008
	£	£
Actual return	<u>(164,000)</u>	<u>(179,000)</u>

**MMF (UK) LIMITED**

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**Notes to the financial statements for the year ended 30 June 2009  
(continued)****20 Pension commitments and other post-retirement benefits (continued)****Changes in defined benefit obligation**

	<u>2009</u>	<u>2008</u>
	£	£
Opening defined benefit obligation	1,418,000	1,407,000
Interest cost	91,000	80,000
Actuarial gains	(29,000)	(12,000)
Benefits paid	(81,000)	(57,000)
Closing defined benefit obligation	<u>1,399,000</u>	<u>1,418,000</u>

**Change in fair value of scheme assets**

	<u>2009</u>	<u>2008</u>
	£	£
Opening fair value of scheme assets	1,197,000	1,433,000
Expected return	85,000	97,000
Actuarial losses	(249,000)	(276,000)
Benefits paid	(81,000)	(57,000)
Closing fair value of scheme assets	<u>952,000</u>	<u>1,197,000</u>

**Analysis of amount recognised in statement of total recognised gains and losses (STRGL)**

	<u>2009</u>	<u>2008</u>
	£	£
Actuarial (losses)/gains on fair value of scheme assets	(249,000)	(276,000)
Actuarial (losses)/gains on defined benefit obligation	29,000	12,000
Actual loss recognised in STRGL	<u>(220,000)</u>	<u>(264,000)</u>

# MMF (UK) LIMITED

Company number 00853991

## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 21 Leasing commitments

#### Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 30 June 2009 were as set out below

	2009	2008
	£	£
Operating leases which expire		
Within one year	16,083	17,653
Within two to five years	70,492	88,789
Over five years	23,500	23,500
	<u>110,075</u>	<u>129,942</u>

### 22 Related party disclosures

At the year end the company had creditor balances with the following entities of which the directors have a controlling interest

J Pearlman and Sons Retirement Benefit Scheme	£157,000	(2008 £145,000)
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At the year end the company had debtor balances with the following entities of which the directors have a controlling interest

JPS 1902 Limited	£nil	(2008 £152,471)
J Pearlman and Sons Retirement Benefit Scheme - No 2	£5,538	(2008 £5,538)

### 23 Controlling party

In the opinion of the directors, there is no controlling party of the company