

Mitchell's Auction Company Limited
Filleted Financial Statements
31 December 2017



SAINT & CO
Chartered accountant & statutory auditor
Sterling House
Wavell Drive, Rosehill
Carlisle, Cumbria
CA1 2SA

Mitchell's Auction Company Limited

Financial Statements

Year ended 31 December 2017

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Mitchell's Auction Company Limited

Officers and Professional Advisers

The board of directors

Mr J Bowe (Resigned 9 May 2017)
Mr A G Nicholson
Mr R Watson
Mr D M Wise
Mrs A M Cummings
Mr I N Powley
Mr K Williamson
Mr M J Mawson (Appointed 5 March 2018)

Company secretary

Mrs A M Cummings

Registered office

Lakeland Livestock Centre
Lakeland Agricultural Centre
Cockermouth
Cumbria
CA13 0QQ

Auditor

Saint & Co
Chartered accountant & statutory auditor
Sterling House
Wavell Drive, Rosehill
Carlisle, Cumbria
CA1 2SA

Bankers

HSBC Bank PLC
PO Box 5
29 English Street
Carlisle
Cumbria
CA3 8JT

Mitchell's Auction Company Limited

Directors' Responsibilities Statement

Year ended 31 December 2017

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 accounting 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 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 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.

Mitchell's Auction Company Limited

Statement of Financial Position

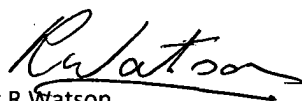
31 December 2017


	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	3,342,277	3,404,806
Current assets			
Stocks		7,059	6,485
Debtors	10	1,256,770	872,801
Cash at bank and in hand		163,159	87,024
		<u>1,426,988</u>	<u>966,310</u>
Creditors: amounts falling due within one year	11	<u>(428,572)</u>	<u>(357,065)</u>
Net current assets		<u>998,416</u>	<u>609,245</u>
Total assets less current liabilities		<u>4,340,693</u>	<u>4,014,051</u>
Creditors: amounts falling due after more than one year	12	<u>(81,763)</u>	<u>(87,393)</u>
Provisions			
Taxation including deferred tax	14	<u>(81,287)</u>	<u>(95,685)</u>
Net assets		<u>4,177,643</u>	<u>3,830,973</u>
Capital and reserves			
Called up share capital	16	374,931	374,931
Share premium account	17	338,575	338,575
Freehold trading properties revaluation reserve	17	220,418	217,045
Profit and loss account	17	<u>3,243,719</u>	<u>2,900,422</u>
Shareholders funds		<u>4,177,643</u>	<u>3,830,973</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 3 April 2018, and are signed on behalf of the board by:


Mr R Watson
Chairman


Mrs A M Cummings
Director

Company registration number: 00007796

The notes on pages 4 to 10 form part of these financial statements.

Mitchell's Auction Company Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

Mitchells Auction Company Limited is a company limited by shares, incorporated in England and Wales. It's registered office is Lakeland Livestock Centre, Lakeland Agricultural Centre, Cockermouth, Cumbria, CA13 0QQ.

The principal activities of the company are the provision of auctioneering services, professional land agency services and operation of a cafe.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The directors consider there are no significant judgements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The directors consider there are no key sources of estimation uncertainty.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Taxation policy

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	- 1% straight line (excluding land)
Computers	- 20% straight line
Motor Vehicles	- 25% reducing balance
Installations and Equipment	- 15% reducing balance

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks and long term contracts

Stocks are measured at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance leases and hire purchase contracts

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account using the sum of digits method.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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.

Pension costs

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.

4. Staff costs

The average number of persons employed by the company during the year amounted to 76 (2016: 79).

Mitchell's Auction Company Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

5. Tangible assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Installations and Equipment £	Freehold investment property £	Total £
Cost/deemed cost/ valuation						
At 1 Jan 2017	2,742,829	90,804	28,855	796,525	665,000	4,324,013
Additions	–	7,438	–	4,848	–	12,286
At 31 Dec 2017	<u>2,742,829</u>	<u>98,242</u>	<u>28,855</u>	<u>801,373</u>	<u>665,000</u>	<u>4,336,299</u>
Cost/deemed cost/ valuation comprises:						
Deemed cost	600,000	–	–	–	–	600,000
Valuation 31.12.17	–	–	–	–	665,000	665,000
Historical cost	2,142,829	98,242	28,855	801,373	–	3,071,299
At 31 Dec 2017	<u>2,742,829</u>	<u>98,242</u>	<u>28,855</u>	<u>801,373</u>	<u>665,000</u>	<u>4,336,299</u>
Depreciation						
At 1 Jan 2017	285,587	77,597	4,217	551,806	–	919,207
Charge for the year	25,350	5,696	6,153	37,616	–	74,815
At 31 Dec 2017	<u>310,937</u>	<u>83,293</u>	<u>10,370</u>	<u>589,422</u>	<u>–</u>	<u>994,022</u>
Carrying amount						
At 31 Dec 2017	<u>2,431,892</u>	<u>14,949</u>	<u>18,485</u>	<u>211,951</u>	<u>665,000</u>	<u>3,342,277</u>
At 31 Dec 2016	<u>2,457,242</u>	<u>13,207</u>	<u>24,638</u>	<u>244,719</u>	<u>665,000</u>	<u>3,404,806</u>

Tangible assets held at valuation

The freehold investment properties were valued as at 31 December 2017 by an employee of the company, Mr I Wood, MLE MRICS FAIV, on the basis of Market Value as defined in the Royal Institution of Chartered Surveyors (RICS) valuation - Professional Standards, 2014 - Global and UK edition 'The Red Book' (Effective January 2014). The historical cost of these freehold investment properties is £373,663.

6. Debtors

	2017 £	2016 £
Trade debtors	1,215,366	836,403
Other debtors	41,404	36,398
	<u>1,256,770</u>	<u>872,801</u>

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

7. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdraft	5,176	4,935
Trade creditors	86,530	75,307
Corporation tax	65,668	44,912
Social security and other taxes	152,524	138,542
Other creditors	118,674	93,369
	<u>428,572</u>	<u>357,065</u>

Bank loans of £5,176 (2016: £4,935), as shown above, are secured by charges over property and other assets of the company.

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

	2017	2016
	£	£
Bank loans and overdraft	<u>81,763</u>	<u>87,393</u>

Bank loans of £81,763 (2016: £87,393), as shown above, are secured by charges over property and other assets of the company.

Included within creditors: amounts falling due after more than one year is an amount of £67,068 (2016: £73,663) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Creditors falling due after more than 5 years from the reporting date relate to bank loans repayable by instalments.

9. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	13,175	10,795
Later than 1 year and not later than 5 years	38,043	18,886
Later than 5 years	462	—
	<u>51,680</u>	<u>29,681</u>

10. Summary audit opinion

The auditor's report for the year dated 3 April 2018 was unqualified.

The senior statutory auditor was Stuart Farrer, for and on behalf of Saint & Co.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Related party transactions

During the year a number of the directors undertook routine trading transactions through the livestock and furniture auctions on normal trade terms.

In addition the Company engaged the services of a marketing and business development consultancy run by Mrs E Wise, wife of Mr M Wise, a Director of the Company. Sums paid for these services in the year amounted to £14,552 (2016 - £13,182).

Lakeland Livestock Limited (LLL), operates as a co-operative to enable its members to market their stock through Mitchells. Mr AG Nicholson, a director of the company, is also a member and director of LLL. Mrs AM Cummings is a director of LLL. The Articles of Association of LLL prohibit them from commanding a majority at meetings of its board. The company is contracted to provide administrative and marketing services to LLL for a fee based upon a percentage of proceeds of livestock sold by the members of LLL. The net amount owed by LLL to the company at the 31st December 2017 is £13,380 (2016: £12,721) against which the company has made a provision.