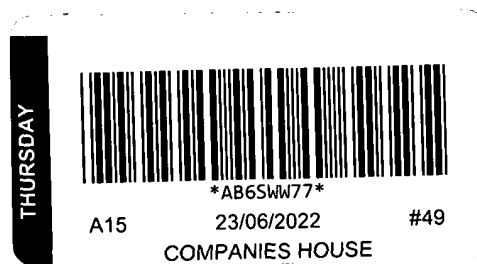


Mitchell's Auction Company Limited
Filleted Financial Statements
31 December 2021



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

Mitchell's Auction Company Limited

Financial Statements

Year ended 31 December 2021

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Mitchell's Auction Company Limited

Officers and Professional Advisers

The board of directors

Mr A G Nicholson
Mr D M Wise
Mrs A M Cummings
Mr S M Revell
Mr I N Powley
Mr K Williamson

Company secretary

Mrs A M Cummings

Registered office

Lakeland Livestock Centre
Lakeland Agricultural Centre
Cockermouth
Cumbria
CA13 0QQ

Auditor

Saint & Co
Chartered Accountants & 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

Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	3,777,867	3,074,891
Current assets			
Stocks		4,539	3,759
Debtors	6	1,285,797	1,265,032
Cash at bank and in hand		278,581	481,874
		<u>1,568,917</u>	<u>1,750,665</u>
Creditors: amounts falling due within one year	7	<u>(692,751)</u>	<u>(410,037)</u>
Net current assets		<u>876,166</u>	<u>1,340,628</u>
Total assets less current liabilities		<u>4,654,033</u>	<u>4,415,519</u>
Creditors: amounts falling due after more than one year	8	<u>(159,249)</u>	<u>(110,174)</u>
Provisions			
Taxation including deferred tax		(57,399)	(59,066)
Net assets		<u>4,437,385</u>	<u>4,246,279</u>
Capital and reserves			
Called up share capital		374,931	374,931
Share premium account		338,575	338,575
Freehold trading properties revaluation reserve		372,032	386,934
Profit and loss account		<u>3,351,847</u>	<u>3,145,839</u>
Shareholders funds		<u>4,437,385</u>	<u>4,246,279</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 Section 1A of 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.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 4 to 11 form part of these financial statements.

Mitchell's Auction Company Limited

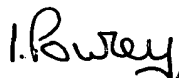
Statement of Financial Position *(continued)*

31 December 2021

These financial statements were approved by the board of directors and authorised for issue on 28 March 2022, and are signed on behalf of the board by:



Mrs A M Cummings
Director



Mr I N Powley
Chairman

Company registration number: 00007796

The notes on pages 4 to 11 form part of these financial statements.

Mitchell's Auction Company Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

Mitchell's Auction Company Limited is a company limited by shares, incorporated in England and Wales. Its 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 key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

1. The directors have relied upon Mr I Wood, an employee of the company and qualified valuer, to provide them with a reasonable estimate of the investment property valuation.
2. The directors have estimated the provision for doubtful debts based on past experience and knowledge of their customers and believe the amount to be adequate.

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.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

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 it is probable the expenses recognised will be recovered.

Taxation

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.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Government grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

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.

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 80 (2020: 84).

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

5. Tangible assets

	Freehold property £	Computer equipment £	Motor vehicles £	Equipment £	Freehold investment property £	Total £
Cost / deemed cost / valuation						
At 1 Jan 2021	3,005,705	46,201	28,855	854,397	237,291	4,172,449
Additions	–	2,701	–	34,423	840,806	877,930
Disposals	–	–	–	(7,705)	–	(7,705)
Revaluations	–	–	–	–	(103,097)	(103,097)
At 31 Dec 2021	3,005,705	48,902	28,855	881,115	975,000	4,939,577
Depreciation						
At 1 Jan 2021	387,950	24,936	21,062	663,610	–	1,097,558
Charge for the year	28,815	8,149	2,604	30,088	–	69,656
Disposals	–	–	–	(5,504)	–	(5,504)
At 31 Dec 2021	416,765	33,085	23,666	688,194	–	1,161,710
Carrying amount						
At 31 Dec 2021	2,588,940	15,817	5,189	192,921	975,000	3,777,867
At 31 Dec 2020	2,617,755	21,265	7,793	190,787	237,291	3,074,891

Tangible assets held at valuation

The freehold investment properties were valued as at 31 December 2021 by an employee of the company, Mr I Wood, MLE MRICS FAAV, 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), and with reference to a valuation at 31 December 2018 by Edwin Thompson LLP, 28 St Johns Street, Keswick, CA12 5AF. Fair value movements are included in the profit and loss account. The historical cost of these freehold investment properties is £1,088,096.

The freehold trading property cost/deemed cost/valuation at 31 December 2021 includes assets recognised at deemed cost of £850,000, which consists of £600,000 relating to properties previously revalued and the company elected to use fair value at the date of transition to FRS 102 as deemed cost. The date of revaluation was therefore 1 January 2016, and subsequent measurement is at deemed cost less depreciation. The other £250,000 relates to properties transferred from investment property to freehold trading property in September 2020, with the fair value at that date being the deemed cost for subsequent measurement.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

5. Tangible assets *(continued)*

In respect of tangible assets held at deemed cost, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31 December 2021	
Aggregate cost	463,064
Aggregate depreciation	(93,465)
Carrying value	369,599
At 31 December 2020	
Aggregate cost	463,064
Aggregate depreciation	(88,835)
Carrying value	374,229
Capital commitments	

	2021 £	2020 £
Contracted for but not provided for in the financial statements	–	437,709

6. Debtors

	2021 £	2020 £
Trade debtors	1,257,392	1,221,127
Other debtors	28,405	43,905
	1,285,797	1,265,032

7. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	34,687	10,200
Trade creditors	120,060	115,064
Corporation tax	52,985	19,279
Social security and other taxes	157,928	176,897
Other creditors	327,091	88,597
	692,751	410,037

Included within bank loans above is £25,079 (2020: £10,200) relating to loans secured by charges held by HSBC Bank PLC over property and other assets of the company.

Mitchell's Auction Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

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

	2021	2020
	£	£
Bank loans	<u>159,249</u>	<u>110,174</u>

Included within bank loans above is £123,580 (2020: £60,174) relating to loans secured by charges held by HSBC Bank PLC over property and other assets of the company.

Included within creditors: amounts falling due after more than one year is an amount of £34,620 (2020: £46,556) 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:

	2021	2020
	£	£
Not later than 1 year	38,748	25,491
Later than 1 year and not later than 5 years	99,462	76,885
Later than 5 years	–	2,858
	<u>138,210</u>	<u>105,234</u>

10. Contingencies

The Company received £139,000 funding from Cumbria LEP towards the cost of the new commercial units at the livestock centre. This includes a condition that the project should create 30 FTE jobs by December 2023. If this is not achieved then the funder may require repayment of all or part of the grant. There is no indication of how much this would be, and the directors are confident that the required outputs will be achieved.

11. Summary audit opinion

The auditor's report for the year dated 23rd May 2022 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 2021

12. 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.

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 invoiced for these services in the year amounted to £19,389 (2020: £15,317). The amount owed to Mrs E Wise by the company at 31 December 2021 was £nil (2020: £1,702).

Lakeland Livestock Limited (LLL), operates as a co-operative to enable its members to market their stock through Mitchell's. 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 2021 was nil (2020: £nil).