

# Mitton Aftercare Limited

Directors' Report and Financial Statements

for the Year Ended 31 January 2013



**Mitton Aftercare Limited**  
**Company Information**

<b>Directors</b>	S M Taylor C S Thompson G Hawe N Burns
<b>Company secretary</b>	S Hellewell
<b>Registered office</b>	Ronnie Hellewell House 451 Cleckheaton Road Low Moor Bradford West Yorkshire BD12 0HS
<b>Solicitors</b>	Walker Morris King's Court 12 King Street Leeds West Yorkshire LS1 2HL
<b>Bankers</b>	Yorkshire Bank plc 14 Broadway Bradford West Yorkshire BD1 1EZ
<b>Auditors</b>	Watson Buckle LLP Statutory Auditor & Chartered Accountants York House Cottingley Business Park Bradford West Yorkshire BD16 1PE

**Mitton Aftercare Limited**  
**Directors' Report for the Year Ended 31 January 2013**

The directors present their report and the financial statements for the year ended 31 January 2013

**Directors of the company**

The directors who held office during the year were as follows

S M Taylor

M Taylor (retired 2 February 2012)

C S Thompson

G Hawe

N Burns

**Principal activity**

The principal activity of the company is the maintenance and servicing of heating and ventilation systems

**Business review**

***Fair review of the business***

The maintenance and services arm of the H Mitton Limited group is Mitton Aftercare Limited

Despite the continuing tough economic climate the directors have worked increasingly hard to grow turnover and maintain profit margins. The directors are pleased to report an increase in turnover of 2.3%, when the industry is so noticeably depressed.

The operating profit is stated after charging Employer Financed Retirement Benefit Scheme Contributions (EFRBS) of £1,000,200. Excluding the EFRBS, an operating profit margin of 9.98% was generated (2012 - 2.98%). The performance of the company is a direct result of the increasing demands of the group's principle customer, Wm Morrison Supermarkets.

Regardless of the poor economic climate the directors believe that the company is in a strong position to compete with its competitors. The Mitton group continues to develop its reputation through its dedicated workforce who delivers the very best customer services, this is illustrated by the new help team offering its support to customers 24 hours a day.

***Principal risks and uncertainties***

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

**Mitton Aftercare Limited**  
**Directors' Report for the Year Ended 31 January 2013**

*..... continued*


**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

**Reappointment of auditors**

The auditors Watson Buckle LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 21 October 2013 and signed on its behalf by

  
S M Taylor  
Director

## **Mitton Aftercare Limited**

### **Statement of Directors' Responsibilities**

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 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 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.

## **Independent Auditor's Report to the Members of Mitton Aftercare Limited**

We have audited the financial statements of Mitton Aftercare Limited for the year ended 31 January 2013, set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2013 and of its profit 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.

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

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

**Independent Auditor's Report to the Members of  
Mitton Aftercare Limited**

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**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

*Watson Buckle LLP*

Ian Gill FCCA (Senior Statutory Auditor)  
For and on behalf of Watson Buckle LLP  
Statutory Auditor & Chartered Accountants  
Bradford

21 October 2013

**Mitton Aftercare Limited**  
**Profit and Loss Account for the Year Ended 31 January 2013**

	Note	2013 £	2012 £
Turnover		14,370,815	14,041,439
Cost of sales		<u>(10,250,239)</u>	<u>(11,124,221)</u>
Gross profit		4,120,576	2,917,218
Administrative expenses		<u>(3,687,283)</u>	<u>(2,499,390)</u>
Operating profit	2	433,293	417,828
Other interest receivable and similar income		15,011	11,400
Interest payable and similar charges	5	<u>(896)</u>	<u>(3,805)</u>
Profit on ordinary activities before taxation		447,408	425,423
Tax on profit on ordinary activities	6	<u>(111,980)</u>	<u>(115,624)</u>
Profit for the financial year	14	<u><u>335,428</u></u>	<u><u>309,799</u></u>

Turnover and operating profit derive wholly from continuing operations


The company has no recognised gains or losses for the year other than the results above



**Mitton Aftercare Limited**  
**Balance Sheet at 31 January 2013**

		2013		2012	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	7		437,541		499,150
<b>Current assets</b>					
Stocks	8	1,058,855		1,030,349	
Debtors	9	2,099,633		2,996,787	
Cash at bank and in hand		<u>2,725,707</u>		<u>3,680,352</u>	
		5,884,195		7,707,488	
Creditors Amounts falling due within one year	10	<u>(5,418,763)</u>		<u>(7,331,123)</u>	
Net current assets			<u>465,432</u>		<u>376,365</u>
Total assets less current liabilities			902,973		875,515
Provisions for liabilities	11		<u>(9,000)</u>		<u>(16,970)</u>
Net assets			<u>893,973</u>		<u>858,545</u>
<b>Capital and reserves</b>					
Called up share capital	12	100		100	
Profit and loss account	14	<u>893,873</u>		<u>858,445</u>	
Shareholders' funds	15		<u>893,973</u>		<u>858,545</u>

Approved by the Board on 21 October 2013 and signed on its behalf by

  
S.M. Taylor  
Director

## **Mitton Aftercare Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2013**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention

##### **Exemption from preparing a cash flow statement**

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group

##### **Going concern**

The financial statements have been prepared on a going concern basis

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	10% reducing balance
Fixtures and fittings	15% reducing balance
Computer equipment	20% on cost
Motor vehicles	25% reducing balance

##### **Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

##### **Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Year Ended 31 January 2013

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#### Hire purchase and leasing

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### Employer Financed Retirement Benefit Schemes (EFRBS)

During the year the Company established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The Mitton Aftercare Limited 2013 EFRBS ("the Scheme").

In accordance with UITD Abstract 32 "Employer Benefit Trusts and other intermediate payment arrangements", the Company does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or access to those future economic benefits.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

## 2 Operating profit

Operating profit is stated after charging

	2013 £	2012 £
Auditor's remuneration - The audit of the company's annual accounts	10,410	13,850
Loss/(profit) on sale of tangible fixed assets	7,865	(1,770)
Depreciation of owned assets	114,507	157,470
Hire of plant and machinery (Spot hire)	160,204	221,096
Employer Funded Retirement Benefit Scheme	<u>1,000,200</u>	<u>-</u>

# Mitton Aftercare Limited

## Notes to the Financial Statements for the Year Ended 31 January 2013

..... continued

### 3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2013 No.	2012 No.
Administration and support	22	27
Production	96	99
	<u>118</u>	<u>126</u>

The aggregate payroll costs were as follows

	2013 £	2012 £
Wages and salaries	5,179,261	4,200,219
Social security costs	431,864	429,157
Staff pensions	93,223	93,452
	<u>5,704,348</u>	<u>4,722,828</u>

### 4 Directors' remuneration

The directors' remuneration for the year was as follows

	2013 £	2012 £
Remuneration (including benefits in kind)	<u>305,000</u>	<u>145,000</u>

During the year the company, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the company's officers, employees and their wider families. The Mitton Aftercare Limited 2013 EFRBS ('the Scheme'). Contributions were made to the Scheme during the accounting period and these created value in that Scheme. The amount of such value which is held on terms which are discretionary is £990,050. Because the value created in the Scheme is held on terms which are discretionary and no earmarking has yet taken place, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, these amounts have been excluded from the overall figure above.

# Mitton Aftercare Limited

## Notes to the Financial Statements for the Year Ended 31 January 2013

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### 5 Interest payable and similar charges

	2013 £	2012 £
Other interest payable	641	-
Finance charges	255	3,805
	<u>896</u>	<u>3,805</u>

### 6 Taxation

#### Tax on profit on ordinary activities

	2013 £	2012 £
<b>Current tax</b>		
Corporation tax charge	120,000	130,078
Adjustments in respect of previous years	(50)	1,292
UK Corporation tax	<u>119,950</u>	<u>131,370</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,597)	(12,280)
Deferred tax adjustment relating to previous years	-	(3,466)
Effect of changes in tax rates	<u>(1,373)</u>	<u>-</u>
Total deferred tax	<u>(7,970)</u>	<u>(15,746)</u>
Total tax on profit on ordinary activities	<u>111,980</u>	<u>115,624</u>

**Mitton Aftercare Limited**

**Notes to the Financial Statements for the Year Ended 31 January 2013**

**..... continued**

**Factors affecting current tax charge for the year**

Tax on profit on ordinary activities for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%)

The differences are reconciled below

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>447,408</u>	<u>425,423</u>
Corporation tax at standard rate	107,378	110,610
Accelerated capital allowances	6,597	12,280
Change in tax rates	1,611	1,560
Expenses not deductible for tax purposes	4,414	5,629
Adjustment in respect of prior year	<u>(50)</u>	<u>1,292</u>
Total current tax	<u>119,950</u>	<u>131,371</u>

# Mitton Aftercare Limited

## Notes to the Financial Statements for the Year Ended 31 January 2013

..... continued

### 7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 2012	75,463	183,673	936,846	1,195,982
Additions	-	2,083	77,874	79,957
Disposals	-	-	(69,969)	(69,969)
At 31 January 2013	75,463	185,756	944,751	1,205,970
<b>Depreciation</b>				
At 1 February 2012	28,268	104,702	563,862	696,832
Charge for the year	4,719	20,958	88,830	114,507
Eliminated on disposals	-	-	(42,910)	(42,910)
At 31 January 2013	32,987	125,660	609,782	768,429
<b>Net book value</b>				
At 31 January 2013	42,476	60,096	334,969	437,541
At 31 January 2012	47,195	78,971	372,984	499,150

#### Finance lease assets

Included within the net book value of tangible fixed assets is £nil (2012 - £23,561) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £nil (2012 - £7,854)

### 8 Stocks

	2013 £	2012 £
Raw materials	260,689	289,994
Work in progress	798,166	740,355
	1,058,855	1,030,349

### 9 Debtors

	2013 £	2012 £
Trade debtors	2,053,674	2,981,333
Amounts owed by group undertakings	250	-
Other debtors	8,269	6,954
Prepayments and accrued income	37,440	8,500
	2,099,633	2,996,787

**Mitton Aftercare Limited**

**Notes to the Financial Statements for the Year Ended 31 January 2013**

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**10 Creditors: Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	1,902,062	2,067,494
Obligations under finance lease and hire purchase contracts	-	1,449
Amounts owed to group undertakings	812,867	4,438,489
Corporation tax	120,000	130,078
Other taxes and social security	443,538	296,621
Directors' current accounts	46,139	-
Accruals and deferred income	2,094,157	396,992
	<u>5,418,763</u>	<u>7,331,123</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	2013 £	2012 £
Obligations under finance leases and hire purchase contracts	<u>-</u>	<u>1,449</u>

Obligations under finance leases and hire purchase contracts are secured on the assets concerned

**Obligations under finance leases and HP contracts**

**Amounts repayable**

	2013 £	2012 £
In one year or less on demand	<u>-</u>	<u>1,449</u>

**11 Provisions**

	Deferred tax £	Total £
At 1 February 2012	16,970	16,970
Credited to the profit and loss account	<u>(7,970)</u>	<u>(7,970)</u>
At 31 January 2013	<u>9,000</u>	<u>9,000</u>



**Mitton Aftercare Limited**

**Notes to the Financial Statements for the Year Ended 31 January 2013**

..... *continued*

**Analysis of deferred tax**

	2013 £	2012 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>9,000</u>	<u>16,970</u>

**12 Share capital**

**Allotted, called up and fully paid shares**

	2013		2012	
	No	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**13 Dividends**

	2013 £	2012 £
<b>Dividends paid</b>		
Current year interim dividend paid	<u>300,000</u>	<u>100,000</u>

**14 Reserves**

	Profit and loss account £	Total £
At 1 February 2012	858,445	858,445
Profit for the year	335,428	335,428
Dividends	<u>(300,000)</u>	<u>(300,000)</u>
At 31 January 2013	<u>893,873</u>	<u>893,873</u>

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Year Ended 31 January 2013

..... *continued*

#### 15 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Profit attributable to the members of the company	335,428	309,799
Dividends	(300,000)	(100,000)
Net addition to shareholders' funds	35,428	209,799
Shareholders' funds at 1 February	858,545	648,746
Shareholders' funds at 31 January	893,973	858,545

#### 16 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £93,223 (2012 - £93,452)

The contributions outstanding owing to the scheme at the year end were £9,027 (2012 - £12,637)

#### 17 Related party transactions

During the year the company made the following related party transactions

**S M Taylor**  
(Director)

During the year interest of £641 (2012 - £nil) was paid to the director on the director's loan account balance. At the balance sheet date the amount due to S M Taylor was £20,179 (2012 - £nil)

**N Burns**  
(Director)

At the balance sheet date the amount due to N Burns was £25,960 (2012 - £nil)

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group

#### 18 Control

The ultimate parent company is H Mitton Limited, a company incorporated in Great Britain and registered in England and Wales

Ultimate control in H Mitton Limited is vested in the directors who own 73% of the called up share capital