

Mitton Aftercare Limited

Directors' Report and Financial Statements

for the Year Ended 31 January 2014



Mitton Aftercare Limited
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Mitton Aftercare Limited
Company Information

Directors	S M Taylor C S Thompson G Hawe N Burns
Company secretary	S Hellewell
Registered office	Ronnie Hellewell House 451 Cleckheaton Road Low Moor Bradford West Yorkshire BD12 0HS
Solicitors	Walker Morris King's Court 12 King Street Leeds West Yorkshire LS1 2HL
Bankers	HSBC Bank plc Market Street branch 47 Market Street Bradford West Yorkshire BD1 1LW
Auditors	Watson Buckle LLP Statutory Auditor & Chartered Accountants York House Cottingley Business Park Bradford West Yorkshire BD16 1PE

Mitton Aftercare Limited

Strategic Report for the Year Ended 31 January 2014

The directors present their strategic report for the year ended 31 January 2014.

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 10.1% (2013 - 2.3%), when the industry is so noticeably depressed.

The operating profit is stated after charging Employer Financed Retirement Benefit Scheme Contributions (EFRBS) of £1,375,400 (2013 - £1,000,200). Excluding the EFRBS, an operating profit margin of 9.4% was generated (2013 - 10.0%). The performance of the company is a direct result of the increasing demands of the company's principal client, Wm. Morrison Supermarkets PLC.

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 which 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.

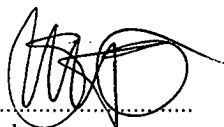
In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The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

Approved by the Board on 15 October 2014 and signed on its behalf by:



.....
S M Taylor
Director

Mitton Aftercare Limited
Directors' Report for the Year Ended 31 January 2014

The directors present their report and the financial statements for the year ended 31 January 2014.

Directors of the company

The directors who held office during the year were as follows:

S M Taylor

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.

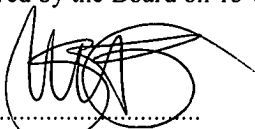
Disclosure of information to the auditor

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is 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 15 October 2014 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 2014, set out on pages 7 to 16. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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

15 October 2014

Mitton Aftercare Limited
Profit and Loss Account for the Year Ended 31 January 2014

	Note	2014 £	2013 £
Turnover		15,828,073	14,370,815
Cost of sales		<u>(11,401,534)</u>	<u>(10,250,239)</u>
Gross profit		4,426,539	4,120,576
Administrative expenses		<u>(4,315,001)</u>	<u>(3,687,283)</u>
Operating profit	2	111,538	433,293
Other interest receivable and similar income	5	13,169	15,011
Interest payable and similar charges	6	<u>-</u>	<u>(896)</u>
Profit on ordinary activities before taxation		124,707	447,408
Tax on profit on ordinary activities	7	<u>(32,588)</u>	<u>(111,980)</u>
Profit for the financial year	15	<u>92,119</u>	<u>335,428</u>

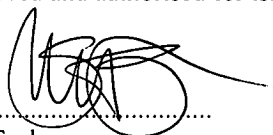
Turnover and operating profit derive wholly from continuing operations.

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

Mitton Aftercare Limited
Balance Sheet at 31 January 2014

		2014		2013	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	8		459,497		437,541
Current assets					
Stocks	9	913,077		1,058,855	
Debtors	10	3,595,950		2,099,633	
Cash at bank and in hand		<u>1,014,260</u>		<u>2,725,707</u>	
		5,523,287		5,884,195	
Creditors: Amounts falling due within one year	11	<u>(4,972,692)</u>		<u>(5,418,763)</u>	
Net current assets			<u>550,595</u>		<u>465,432</u>
Total assets less current liabilities			1,010,092		902,973
Provisions for liabilities	12		<u>(24,000)</u>		<u>(9,000)</u>
Net assets			<u>986,092</u>		<u>893,973</u>
Capital and reserves					
Called up share capital	13	100		100	
Profit and loss account	15	<u>985,992</u>		<u>893,873</u>	
Shareholders' funds	16		<u>986,092</u>		<u>893,973</u>

Approved and authorised for issue by the Board on 15 October 2014 and signed on its behalf by:



.....
S M Taylor
Director

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

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:

Asset class	Depreciation method and rate
Plant and machinery	10% reducing balance
Fixtures and fittings	15% reducing balance / 20% straight line
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.

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.

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

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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)

In a previous accounting period, the Company established an EFRBS for the benefit of its officers, employees and their wider families, The Mitton Aftercare Limited 2013 EFRBS ("the Scheme").

In accordance with UITF 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.

Trusts

The company has created a trust whose beneficiaries will include employees of the company and their dependents. Assets held under this trust will be controlled by trustees who will be acting independently and entirely at their own discretion.

Where assets are held in the trust and these are considered by the company to be in respect of services already provided by employees to the company, the company will account for these as assets of the company until the earlier of it no longer having de facto control of these assets and it not obtaining future economic benefit from these assets. The value transferred will be charged in the company's profit and loss account for the year to which it relates.

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:

	2014 £	2013 £
Auditor's remuneration - The audit of the company's annual accounts	10,770	10,410
Loss on sale of tangible fixed assets	1,727	7,865
Depreciation of owned assets	133,736	114,507
Hire of plant and machinery (spot hire)	144,651	160,204
Employer Financed Retirement Benefit Scheme Contribution	<u>1,375,400</u>	<u>1,000,200</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... 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:

	2014 No.	2013 No.
Administration and support	24	22
Production	90	96
	<u>114</u>	<u>118</u>

The aggregate payroll costs were as follows:

	2014 £	2013 £
Wages and salaries	4,570,873	4,179,061
Social security costs	424,572	431,864
Staff pensions	90,590	93,223
	<u>5,086,035</u>	<u>4,704,148</u>

4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £	2013 £
Remuneration (including benefits in kind)	<u>6,877</u>	<u>305,000</u>

In a previous accounting period, 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 £1,361,696. 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 and the remuneration of the highest paid director.

5 Other interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>13,169</u>	<u>15,011</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

6 Interest payable and similar charges

	2014 £	2013 £
Other interest payable	-	641
Finance charges	-	255
	-	896

7 Taxation

Tax on profit on ordinary activities

	2014 £	2013 £
Current tax		
Corporation tax charge	16,000	120,000
Adjustments in respect of previous years	1,588	(50)
UK Corporation tax	17,588	119,950
Deferred tax		
Origination and reversal of timing differences	15,000	(6,597)
Effect of changes in tax rates	-	(1,373)
Total deferred tax	15,000	(7,970)
Total tax on profit on ordinary activities	32,588	111,980

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 20% (2013 - 24%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	124,707	447,408
Corporation tax at standard rate	24,941	107,378
Accelerated capital allowances	(16,138)	6,597
Change in tax rates	-	1,611
Expenses not deductible for tax purposes	7,197	4,414
Adjustment in respect of prior year	1,588	(50)
Total current tax	17,588	119,950

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

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8 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2013	75,463	185,756	944,751	1,205,970
Additions	-	367	158,314	158,681
Disposals	-	-	(15,963)	(15,963)
At 31 January 2014	<u>75,463</u>	<u>186,123</u>	<u>1,087,102</u>	<u>1,348,688</u>
Depreciation				
At 1 February 2013	32,987	125,660	609,782	768,429
Charge for the year	4,248	36,392	93,096	133,736
Eliminated on disposals	-	-	(12,974)	(12,974)
At 31 January 2014	<u>37,235</u>	<u>162,052</u>	<u>689,904</u>	<u>889,191</u>
Net book value				
At 31 January 2014	<u>38,228</u>	<u>24,071</u>	<u>397,198</u>	<u>459,497</u>
At 31 January 2013	<u>42,476</u>	<u>60,096</u>	<u>334,969</u>	<u>437,541</u>

9 Stocks

	2014 £	2013 £
Raw materials	310,056	260,689
Work in progress	<u>603,021</u>	<u>798,166</u>
	<u>913,077</u>	<u>1,058,855</u>

10 Debtors

	2014 £	2013 £
Trade debtors	3,579,795	2,053,674
Amounts owed by group undertakings	1,261	250
Other debtors	6,394	8,269
Prepayments and accrued income	<u>8,500</u>	<u>37,440</u>
	<u>3,595,950</u>	<u>2,099,633</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

11 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,888,569	1,902,062
Amounts owed to group undertakings	167,417	812,867
Corporation tax	16,000	120,000
Other taxes and social security	419,411	443,538
Other creditors	12,005	9,027
Directors' current accounts	27,014	46,139
Accruals and deferred income	2,442,276	2,085,130
	<u>4,972,692</u>	<u>5,418,763</u>

12 Provisions

	Deferred tax £	Total £
At 1 February 2013	9,000	9,000
Charged to the profit and loss account	<u>15,000</u>	<u>15,000</u>
At 31 January 2014	<u>24,000</u>	<u>24,000</u>

Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>24,000</u>	<u>9,000</u>

13 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

14 Dividends

	2014 £	2013 £
Dividends paid		
Prior year final dividend paid	-	300,000

15 Reserves

	Profit and loss account £	Total £
At 1 February 2013	893,873	893,873
Profit for the year	92,119	92,119
At 31 January 2014	985,992	985,992

16 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit attributable to the members of the company	92,119	335,428
Dividends	-	(300,000)
Net addition to shareholders' funds	92,119	35,428
Shareholders' funds at 1 February	893,973	858,545
Shareholders' funds at 31 January	986,092	893,973

17 Pension schemes

Defined contribution pension scheme

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 £90,590 (2013 - £93,223).

Contributions totalling £12,005 (2013 - £9,027) were payable to the schemes at the end of the year.

18 Contingent liabilities

The company is party to an unlimited cross guarantee in respect of bank borrowings with Mitton Mechanical Limited, its fellow subsidiary undertaking, and H Mitton Limited, its parent company. The exposure under this guarantee at the year end was £nil (2013 - £nil).

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

19 Post balance sheet events

Since the year end, the company fulfilled its obligations to make rewards to assist in the incentivisation and motivation of employees.

20 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

S M Taylor

(Director)

During the year interest of £Nil (2013 - £641) was paid to the director on the director's loan account balance.

On 15th July 2013, the company contracted to purchase a trust interest in possession from Steven Miles Taylor, a shareholder of the company, for consideration of £2,925,000, payable on completion of the agreement. The agreement is due to complete in three equal annual instalments, the first completion date being 1st January 2014. The directors consider that this was an arm's length transaction made at market value.

During the year, the company resolved to defer completion of the contract and therefore the agreement is due to complete in three equal annual instalments, the first completion date being 1st January 2015.

At the balance sheet date the amount due to S M Taylor was £9,324 (2013 - £20,179).

N Burns

(Director)

At the balance sheet date the amount due to N Burns was £9,535 (2013 - £25,960).

G Hawe

(Director)

At the balance sheet date the amount due to G Hawe was £8,155 (2013 - £nil).

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

21 Control

The ultimate parent company is H Mitton Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the immediate parent's consolidated financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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