

Registration number: 04652597

# Mitton Aftercare Limited

Annual Report and Financial Statements

for the Period from 1 February 2018 to 30 January 2019



## **Mitton Aftercare Limited**

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## **Mitton Aftercare Limited**

### **Strategic Report for the Period from 1 February 2018 to 30 January 2019**

The directors present their strategic report for the period from 1 February 2018 to 30 January 2019.

#### **Principal activity**

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

#### **Fair review of the business**

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

Despite turnover increasing 17.8% to £22,389,895 in 2018/19, the company has generated a significant operating loss of £1,168,654, compared to an operating loss of £57,085 in the previous year.

The performance of the company is a direct result of the variation in demands from the company's principal client. The main reason for the poor trading in 2018/19 was a 15% reduction in value of the company's largest contract.

The directors have worked hard to improve profit margins throughout 2019/20. The directors have won two new large profitable maintenance contracts post year-end and have also renegotiated its largest maintenance contract, removing the loss making elements of the contract. The contract value has significantly increased and is now forecast to return to profit.

Over 2019/20 the directors have worked tirelessly to implement a future turnaround plan for the company. The turnaround plan has been, and continues to be a success.

Regardless of the challenging economic climate, the directors believe that the company is in a strong position to compete within the industry and the Mitton group continues to develop its reputation through its dedicated workforce that delivers the very best customer service.

It is the firm belief of the directors that the company can continue trading as a going concern.

## **Mitton Aftercare Limited**

### **Strategic Report for the Period from 1 February 2018 to 30 January 2019**

#### **Principal risks and uncertainties**

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. 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 by using overdrafts at floating rates of interest. The business' cash balances are held in such a way to achieve the most 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 COVID-19 pandemic has led to a significant shut-down of both social and economic activity in the UK and in many other countries around the globe.

As with most businesses in the UK, the company has been impacted adversely by COVID-19 during 2020.

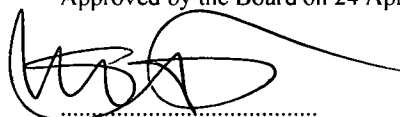
As of Tuesday 24 March 2020 when the country started grinding to a halt the directors made the proactive decision and started to furlough staff where there was a business need to do so. We will continue to furlough staff with the governments support until there is a business need to bring them back to work.

Because of COVID-19 certain jobs have been suspended due to customer site closures. We do not have dedicated labour force at these sites so we have been able to use the labour freed up to service other parts of the business where staff have been furloughed.

The main contract work continues as normal and orders on the manufacturing side of the business also continue. Alongside the maintenance work, urgent jobs are still required to be carried out for compliance purposes for our customers.

COVID-19 has resulted in a number of our suppliers closing for business over the last month, we are utilising our relationships with our key supplier base to continue to trade. We are classed as essential customers with a number of our suppliers and even though they are all trading at approximately 30% of their usual business, we have seen little or no effect of this.

Approved by the Board on 24 April 2020 and signed on its behalf by:



S M Taylor  
Director

## **Mitton Aftercare Limited**

### **Directors' Report for the Period from 1 February 2018 to 30 January 2019**

The directors present their report and the financial statements for the period from 1 February 2018 to 30 January 2019.

#### **Directors of the company**

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

S M Taylor

G Hawe

N Burns

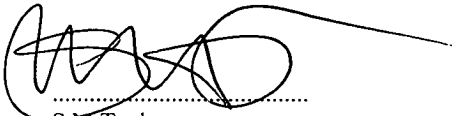
#### **Disclosure of information to the auditors**

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 of which they know the auditors are unaware.

#### **Reappointment of auditors**

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

Approved by the Board on 24 April 2020 and signed on its behalf by:

  
.....  
S M Taylor  
Director

## **Mitton Aftercare Limited**

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

The directors acknowledge their responsibilities for preparing the Annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

## **Mitton Aftercare Limited**

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

#### **Opinion**

We have audited the financial statements of Mitton Aftercare Limited (the 'company') for the period from 1 February 2018 to 30 January 2019, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 January 2019 and of its loss for the period 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Mitton Aftercare Limited**

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

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **Mitton Aftercare Limited**

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

#### **Use of our report**

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.

.....  
Mark Wilcock FCA (Senior Statutory Auditor)  
For and on behalf of Watson Buckle Limited,  
Statutory Auditors & Chartered Accountants  
Bradford

24 April 2020

**Mitton Aftercare Limited**

**Profit and Loss Account and Statement of Retained Earnings for the Period from 1 February  
2018 to 30 January 2019**

	Note	2019 £	2018 £
Turnover	3	22,389,895	19,002,962
Cost of sales		<u>(20,986,567)</u>	<u>(16,858,892)</u>
Gross profit		1,403,328	2,144,070
Administrative expenses		<u>(2,571,982)</u>	<u>(2,201,155)</u>
Operating loss	4	(1,168,654)	(57,085)
Extraordinary items	5	(139,512)	(963,212)
Other interest receivable and similar income		557	495
Interest payable and similar charges	6	<u>(4,501)</u>	<u>(2,626)</u>
Loss before tax		(1,312,110)	(1,022,428)
Taxation	9	<u>90,397</u>	<u>21,020</u>
Loss for the financial period		(1,221,713)	(1,001,408)
Retained earnings brought forward		9,184	1,131,192
Dividends paid		<u>-</u>	<u>(120,600)</u>
Retained earnings carried forward		<u><u>(1,212,529)</u></u>	<u><u>9,184</u></u>

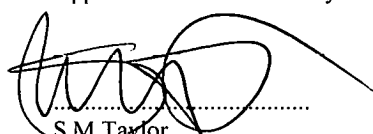
The notes on pages 10 to 24 form an integral part of these financial statements.

**Mitton Aftercare Limited**

**(Registration number: 04652597)**  
**Balance Sheet as at 30 January 2019**

	Note	£	2019	£	£	2018	£
<b>Fixed assets</b>							
Tangible assets	10			960,782			1,062,931
<b>Current assets</b>							
Stocks	11	689,141			1,153,517		
Debtors	12	3,148,776			2,554,199		
Cash at bank and in hand		<u>1</u>			<u>2</u>		
		3,837,918			3,707,718		
<b>Creditors:</b> Amounts falling due within one year	13	<u>(5,755,400)</u>			<u>(3,579,838)</u>		
<b>Net current (liabilities)/assets</b>				<u>(1,917,482)</u>			<u>127,880</u>
<b>Total assets less current liabilities</b>				(956,700)			1,190,811
<b>Creditors:</b> Amounts falling due after more than one year	13			(255,729)			(151,315)
<b>Provisions for liabilities</b>	15			<u>-</u>			<u>(1,030,212)</u>
<b>Net (liabilities)/assets</b>				<u>(1,212,429)</u>			<u>9,284</u>
<b>Capital and reserves</b>							
Called up share capital	17	100			100		
Profit and loss account	18	<u>(1,212,529)</u>			<u>9,184</u>		
<b>Total equity</b>				<u>(1,212,429)</u>			<u>9,284</u>

Approved and authorised by the Board on 24 April 2020 and signed on its behalf by:

  
 S M Taylor  
 Director

## **Mitton Aftercare Limited**

### **Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Ronnie Hellewell House  
451 Cleckheaton Road  
Low Moor  
Bradford  
West Yorkshire  
BD12 0HS

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The company chose to early adopt Financial Reporting Standard 102, March 2018.

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

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company's functional and presentation currency is pound sterling.

##### **Summary of disclosure exemptions**

The company has taken advantage of the exemption to disclose transactions with key management personnel and the exemption to prepare Statement of Cash Flows in accordance with Financial Reporting Standard 102 Section 1.12.

The company has taken advantage of the exemption under Section 33 Related Party disclosures from disclosing transactions and balances with fellow group undertakings that are wholly owned.

##### **Name of parent of group**

These financial statements are consolidated into the financial statements of H Mitton Limited.

The financial statements of H Mitton Limited may be obtained from Companies House, Crown House, Crown Way, Cardiff, CF14 3UZ.

## **Mitton Aftercare Limited**

### **Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019**

#### **Going concern**

Despite negative reserves at the balance sheet date, the directors have prepared the financial statements on a going concern basis. Since the year end the directors have been working on refinancing measures which has seen a successful deal been achieved with Ultimate Finance. The directors have also worked hard to improve profit margins, new business and renegotiate existing contracts. This has resulted in the company winning two new large profitable maintenance contracts, and the positive renegotiation of the contract with its largest customer. The contract value has been significantly increased and is now forecast to return to profit. Based on the above, the directors are of the opinion that the accounts are prepared on a going concern basis.

#### **Reclassification of comparative amounts**

The directors have reclassified motor expenses of £1,037,380 and depreciation of motor vehicles of £272,202 from administrative expenses to cost of sales. The directors feel these costs are directly attributable to the services supplied.

#### **Key sources of estimation uncertainty**

##### **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets and their carrying amount is determined by the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The carrying amount is £960,782 (2018 -£1,062,931).

##### **Impairment of debtors**

The company makes an estimate of the recoverable value of trade debtors. When assessing the impairment of trade debtors, management considers factors which include the current credit rating of the debtor, the ageing profile of debtors and historical experience.

The carrying amount is £1,567,233 (2018 -£1,203,080).

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

When the outcome of a transaction for the rendering of services can be estimated reliably in terms of revenue, costs and its stage of completion, the company recognises revenue on the sales of services in the reporting period in which the services are rendered by reference to the stage of completion of the specific transaction at the end of the reporting period. The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives.

If there is an indication that there has been a significant change in estimated useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Depreciation is charged as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	10% reducing balance
Fixtures and fittings	15% reducing balance / 20% straight line
Motor vehicles	25% reducing balance

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

## **Mitton Aftercare Limited**

### **Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019**

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

## **Mitton Aftercare Limited**

### **Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019**

#### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

##### **Financial assets**

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss and any subsequent reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Trust**

The company has created a trust whose beneficiaries will include employees of the company and their dependants. 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 trust when payment is made to the trust. The value transferred will be charged in the company's profit and loss account for the year to which it relates.



## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 3 Revenue

The analysis of the company's revenue for the period from continuing operations is as follows:

	1 February 2018 to 30 January 2019 £	Year ended 31 January 2018 £
Rendering of services	<u>22,389,895</u>	<u>19,002,962</u>

#### 4 Operating loss

Arrived at after charging/(crediting)

	1 February 2018 to 30 January 2019 £	Year ended 31 January 2018 £
Depreciation expense	292,559	294,099
(Profit)/loss on disposal of fixed assets	<u>(383)</u>	<u>3,024</u>

#### 5 Extraordinary items

	2019 £	2018 £
Extraordinary items	<u>139,512</u>	<u>963,212</u>

HMRC enquiry settlement in relation to an existing Employer Financed Retirement Benefit Scheme.

#### 6 Interest payable and similar expenses

	2019 £	2018 £
Interest on obligations under finance leases and hire purchase contracts	<u>4,501</u>	<u>2,626</u>

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	1 February 2018 to 30 January 2019 £	Year ended 31 January 2018 £
Wages and salaries	9,106,209	7,578,133
Social security costs	955,981	803,779
Pension costs, defined contribution scheme	271,173	232,833
	<u>10,333,363</u>	<u>8,614,745</u>

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

	2019 No.	2018 No.
Production	208	173
Administration and support	40	29
	<u>248</u>	<u>202</u>

#### 8 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>15,050</u>	<u>11,950</u>

# Mitton Aftercare Limited

## Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

### 9 Taxation

Tax charged/(credited) in the profit and loss account

	1 February 2018 to 30 January 2019 £	Year ended 31 January 2018 £
<b>Current taxation</b>		
UK corporation tax	-	(5,500)
UK corporation tax adjustment to prior periods	<u>(23,397)</u>	<u>(520)</u>
	(23,397)	(6,020)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(67,000)</u>	<u>(15,000)</u>
Tax receipt in the profit and loss account	<u>(90,397)</u>	<u>(21,020)</u>

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	1 February 2018 to 30 January 2019 £	Year ended 31 January 2018 £
Loss before tax	<u>(1,312,110)</u>	<u>(1,022,428)</u>
Corporation tax at standard rate	(249,301)	(194,261)
Disallowable expenses for corporation tax	5,069	21,252
Corporation tax group relief	-	153,449
Deferred tax expense (credit) from restricted tax losses carried forward	(43,472)	-
Corporation tax prior year under provision	(23,397)	(520)
Corporation tax effect of current year tax losses carried forward	221,012	-
Corporation tax effect of change in tax rates	-	(265)
Deferred tax effect from other timing differences	<u>(308)</u>	<u>(675)</u>
Total tax credit	<u>(90,397)</u>	<u>(21,020)</u>
<b>Deferred tax</b>		
Deferred tax assets and liabilities		
<b>2019</b>		<b>Liability £</b>
Accelerated capital allowance		48,383
Other timing differences		(4,911)
Restricted tax losses carried forward		<u>(43,472)</u>
		<u>-</u>
<b>2018</b>		<b>Liability £</b>
Accelerated capital allowance		70,870
Other timing differences		(3,870)
Restricted tax losses carried forward		<u>-</u>
		<u>67,000</u>

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £nil.

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 10 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 2018	75,463	284,000	1,946,200	2,305,663
Additions	-	52,371	145,442	197,813
Disposals	-	-	(52,824)	(52,824)
At 30 January 2019	<u>75,463</u>	<u>336,371</u>	<u>2,038,818</u>	<u>2,450,652</u>
<b>Depreciation</b>				
At 1 February 2018	50,382	214,129	978,221	1,242,732
Charge for the period	2,508	22,518	267,533	292,559
Eliminated on disposal	-	-	(45,421)	(45,421)
At 30 January 2019	<u>52,890</u>	<u>236,647</u>	<u>1,200,333</u>	<u>1,489,870</u>
<b>Carrying amount</b>				
At 30 January 2019	<u>22,573</u>	<u>99,724</u>	<u>838,485</u>	<u>960,782</u>
At 31 January 2018	<u>25,081</u>	<u>69,871</u>	<u>967,979</u>	<u>1,062,931</u>

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Motor vehicles	<u>367,867</u>	<u>210,726</u>

#### Restriction on title and pledged as security

Plant and machinery with a carrying amount of £22,573 (2018 - £25,081) has been pledged as security for bank overdrafts.

Fixtures and fittings with a carrying amount of £99,724 (2018 - £69,871) has been pledged as security for bank overdrafts.

Motor vehicles with a carrying amount of £838,485 (2018 - £967,979) has been pledged as security for bank overdrafts and finance lease liabilities.

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 11 Stocks

	2019 £	2018 £
Raw materials and consumables	689,141	811,709
Work in progress	-	341,808
	<u>689,141</u>	<u>1,153,517</u>

The carrying amount of stocks pledged as security for liabilities amounted to £689,141 (2018 - £1,153,517).

#### 12 Debtors

	30 January 2019 £	31 January 2018 £
Trade debtors	1,567,233	1,203,080
Amounts owed by group undertakings	616,902	361,125
Other debtors	3,823	483,257
Prepayments	242,382	314,564
Accrued income	717,015	186,673
Corporation tax asset	1,421	5,500
	<u>3,148,776</u>	<u>2,554,199</u>
Less non-current portion	-	(478,129)
	<u>3,148,776</u>	<u>2,076,070</u>

#### Details of non-current trade and other debtors

£Nil (2018 -£478,129) of other debtors is classified as non current.

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 13 Creditors

	Note	30 January 2019 £	31 January 2018 £
<b>Due within one year</b>			
Loans and borrowings	14	265,001	553,420
Trade creditors		3,084,347	1,724,601
Amounts due to group undertakings		740,774	412,178
Social security and other taxes		687,979	371,950
Outstanding defined contribution pension costs		35,391	32,417
Other creditors		14,153	-
Accrued expenses		<u>927,755</u>	<u>485,272</u>
		<u>5,755,400</u>	<u>3,579,838</u>
<b>Due after one year</b>			
Loans and borrowings	14	<u>255,729</u>	<u>151,315</u>

#### 14 Loans and borrowings

	2019 £	2018 £
<b>Current loans and borrowings</b>		
Bank overdrafts	135,608	225,443
Finance lease liabilities	126,116	62,716
Other borrowings	<u>3,277</u>	<u>265,261</u>
	<u>265,001</u>	<u>553,420</u>
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>255,729</u>	<u>151,315</u>

#### Secured borrowings

Bank overdrafts of £135,608 (2018 - £225,443) are secured by a fixed charge over all present freehold and leasehold property and a first charge over book and other debts, chattels, goodwill and uncalled capital both present and future. First floating charge over all assets and undertaking both present and future dated 14 May 2013.

Finance lease liabilities of £381,845 (2018 - £214,031) are secured on the related assets.

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 15 Deferred tax and other provisions

	Deferred tax £	Other provisions £	Total £
At 1 February 2018	67,000	963,212	1,030,212
Increase (decrease) in existing provisions	<u>(67,000)</u>	<u>(963,212)</u>	<u>(1,030,212)</u>
At 30 January 2019	<u>-</u>	<u>-</u>	<u>-</u>

Other provisions are in relation to the Employer Financed Retirement Benefit Scheme contributions settlement.

#### 16 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £271,173 (2018 - £232,833).

Contributions totalling £35,391 (2018 - £32,417) were payable to the scheme at the end of the period and are included in creditors.

#### 17 Share capital

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

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:  
All shares rank pari passu for income, capital and voting rights.

#### 18 Reserves

##### Share capital

Represents the nominal value of issued shares.

##### Profit and loss account

Includes all current and prior period distribution profits and losses.



## Milton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### 19 Obligations under leases and hire purchase contracts

##### Finance leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	135,677	67,218
Later than one year and not later than five years	275,114	162,443
	<u>410,791</u>	<u>229,661</u>

##### Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	78,727	94,115
Later than one year and not later than five years	170,000	103,345
Later than five years	105,000	43,333
	<u>353,727</u>	<u>240,793</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £80,912 (2018 - £97,916).

#### 20 Contingent liabilities

The company provided a composite unlimited multilateral guarantee against the bank loans and overdrafts of £404,721 (2018 - £622,210) of Milton Mechanical Services Limited, a fellow subsidiary undertaking. The guarantee is secured by fixed and floating charges over all assets as described in note 14.

#### 21 Related party transactions

##### Transactions with directors

	At 1 February 2018 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 30 January 2019 £
2019					
Directors' loan accounts	(265,261)	505,509	(243,525)	-	(3,277)

##### Other transactions with directors

No interest is charged on the directors' loan account balances.

## Mitton Aftercare Limited

### Notes to the Financial Statements for the Period from 1 February 2018 to 30 January 2019

#### Summary of transactions with other related parties

Other related parties include transactions with companies which have common shareholders and related family members.

#### Expenditure with and payables to related parties

	<b>Other related parties £</b>
<b>2019</b>	
Rendering of services	22,200
	<hr/>
	<b>Other related parties £</b>
<b>2018</b>	
Rendering of services	21,594
Amounts payable to related party	1,310
	<hr/>

## 22 Financial instruments

### Categorisation of financial instruments

	<b>30 January 2019 £</b>	<b>31 January 2018 £</b>
Financial assets that are debt instruments measured at amortised cost	2,906,395	2,239,637
Financial liabilities measured at amortised cost	(5,997,201)	(3,731,153)

## 23 Parent and ultimate parent undertaking

The company's immediate and ultimate parent undertaking is H Mitton Limited, incorporated in England & Wales. The address is: Mackenzie House, 451 Cleckheaton Road, Low Moor, Bradford, BD12 0HS.