

Registration number: 04652597

Mitton Aftercare Limited

Annual Report and Financial Statements

for the Year Ended 30 January 2020



Mitton Aftercare Limited

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Mitton Aftercare Limited

Strategic Report for the Year Ended 30 January 2020

The directors present their strategic report for the year ended 30 January 2020.

Principal activity

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

Mitton Aftercare Limited

Strategic Report for the Year Ended 30 January 2020

Fair review of the business

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

Despite turnover increasing 15.5% to £25,865,881 in 2019/20, the company has generated a significant operating loss of £2,538,649, compared to an operating loss of £1,212,713 in the previous year.

In Mitton Aftercare Limited over 2019/20, the company won (in tender) new contracts with 2 national retailers. When a major contract was up for renewal in February 2020 it the company the opportunity to renegotiate and come to an agreement of a value where it needed to be. This has resulted in a rolling extension of that contract.

The two main reasons for the loss-making situation were the significant investment by the business into new contracts during 2018/19/20 and then the reduction in value of a major contract during 2019/20 (15 percent of value). These two issues have now been addressed and are no longer a factor in the future financial figures of the group as these costs have been absorbed and dealt with. The directors are confident that these were isolated years and moving forward, the directors believe that the business performance will improve.

Over 2019/20 and to date the directors and business, have worked tirelessly to implement a business continuity & improvement plan. The plan has been and continues to be a success across the business. The company is continuously looking at the business and its performance and the company is not averse to making changes where, as, and when needed for the benefit of Mitton Group.

The company has seen the adverse effect of COVID 19 on the business with many clients reducing workload to urgent jobs and works required to be carried out for compliance purposes. Mitton have been classed as key workers during the pandemic enabling the business to continue as best as possible.

The directors' have carried out a full review of the costs and have made significant reductions in overheads wherever possible, with a view on maximising future profits of the group. This is under constant review and cost savings are being made wherever possible.

Over 2019/20 the directors have worked tirelessly to implement a future turnaround plan for the company.

As of 30 January 2020, the company's current liabilities exceeded its total assets by £3,621,465. A major part of the company's working capital requirements is provided by a loan from Mitton Mechanical Services Limited, a fellow subsidiary which is repayable on demand. Directors of the related company have indicated that they will not demand repayment; however no formal agreement is in place.

The directors' consider that the outlook presents significant challenges due to Covid-19 and the aftermath of projects being delayed due to the pandemic.

Whilst the directors have instituted significant measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cashflows.

The directors have concluded that the combination of these circumstances represents a material uncertainty about the future trading results of the business at this stage. Without the knowledge of what the future holds with regards to the Covid-19 pandemic it is difficult to forecast results with any certainty.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Mitton Aftercare Limited

Strategic Report for the Year Ended 30 January 2020

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.

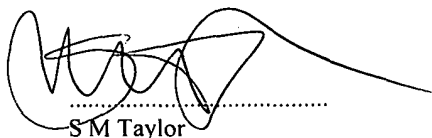
As of Tuesday 24 March 2020 when the country started grinding to a halt the directors made the proactive decision and started to furlough staff where there was a business need to do so. We will continue to furlough staff with the governments support until there is a business need to bring them back to 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 23 April 2021 and signed on its behalf by:



S M Taylor
Director

Mitton Aftercare Limited

Directors' Report for the Year Ended 30 January 2020

The directors present their report and the financial statements for the year ended 30 January 2020.

Directors of the company

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

S M Taylor

G Hawe

N Burns

Employment of disabled persons

Applications for employment made by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of team members becoming disabled, every effort is made to retrain them in order that their employment with the group may continue. It is the policy of the company that training, career development and employment opportunities should be available to all team members.

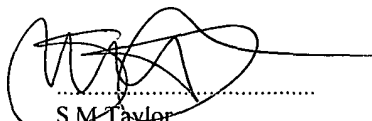
Employee involvement

The company has continued its practice of keeping team members informed of matters affecting them as team members and of the financial and economic factors affecting the performance of the company. This has been achieved through regular meetings of the team member-elected works council and senior management.

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.

Approved by the Board on 23 April 2021 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 year ended 30 January 2020, 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 2020 and of its loss 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.

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.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements and also to the Strategic Report, which indicates that the company incurred a net loss of £2,538,649 during the year ended 30 January 2020 and, as of that date, the company's current liabilities exceeded its total assets by £3,621,465. As stated in note 1 and the Strategic Report, these events or conditions, along with the other matters noted, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 year 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 5], 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. 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

23 April 2021

Mitton Aftercare Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 30 January 2020

	Note	2020 £	2019 £
Turnover	3	25,865,881	22,389,895
Cost of sales		<u>(25,206,633)</u>	<u>(20,986,567)</u>
Gross profit		659,248	1,403,328
Administrative expenses		<u>(3,188,567)</u>	<u>(2,571,982)</u>
Operating loss	4	(2,529,319)	(1,168,654)
Extraordinary items	5	-	(139,512)
Other interest receivable and similar income		311	557
Interest payable and similar charges	6	<u>(9,641)</u>	<u>(4,501)</u>
Loss before tax		(2,538,649)	(1,312,110)
Taxation	9	<u>-</u>	<u>90,397</u>
Loss for the financial year		(2,538,649)	(1,221,713)
Retained earnings brought forward		<u>(1,212,529)</u>	<u>9,184</u>
Retained earnings carried forward		<u><u>(3,751,178)</u></u>	<u><u>(1,212,529)</u></u>

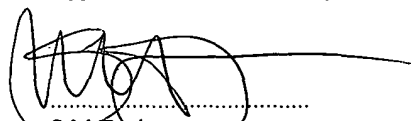
The notes on pages 11 to 22 form an integral part of these financial statements.

Mitton Aftercare Limited

(Registration number: 04652597)
Balance Sheet as at 30 January 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	10	693,368	960,782
Current assets			
Stocks	11	794,721	689,141
Debtors	12	3,821,876	3,148,776
Cash at bank and in hand		870,353	1
		<u>5,486,950</u>	<u>3,837,918</u>
Creditors: Amounts falling due within one year	13	<u>(9,801,783)</u>	<u>(5,755,400)</u>
Net current liabilities		<u>(4,314,833)</u>	<u>(1,917,482)</u>
Total assets less current liabilities		<u>(3,621,465)</u>	<u>(956,700)</u>
Creditors: Amounts falling due after more than one year	13	<u>(129,613)</u>	<u>(255,729)</u>
Net liabilities		<u><u>(3,751,078)</u></u>	<u><u>(1,212,429)</u></u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	<u>(3,751,178)</u>	<u>(1,212,529)</u>
Total equity		<u><u>(3,751,078)</u></u>	<u><u>(1,212,429)</u></u>

Approved and authorised by the Board on 23 April 2021 and signed on its behalf by:


 S.M. Taylor
 Director

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

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.

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.

Going concern

The company incurred a net loss of £2,538,649 during the year ended 30 January 2020 and, as of that date, the company's current liabilities exceeded its total assets by £3,621,465.

As stated in the strategic report, the directors have concluded that the combination of these circumstances and other factors noted in the report represents a material uncertainty that casts significant doubt about the future trading results of the business at this stage. Without the knowledge of what the future holds with regards to the Covid-19 pandemic it is difficult to forecast results with any certainty.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

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 £693,368 (2019 -£960,782).

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 £2,469,097 (2019 -£1,567,233).

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.

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 balance sheet 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.

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

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:

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

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.

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. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

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.

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.

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.

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

3 Revenue

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

	Year ended 30 January 2020 £	1 February 2018 to 30 January 2019 £
Rendering of services	<u>25,865,881</u>	<u>22,389,895</u>

4 Operating loss

Arrived at after charging/(crediting)

	Year ended 30 January 2020 £	1 February 2018 to 30 January 2019 £
Depreciation expense	235,964	292,559
Loss/(profit) on disposal of fixed assets	<u>52,660</u>	<u>(383)</u>

5 Extraordinary items

	2020 £	2019 £
Extraordinary items	<u>-</u>	<u>139,512</u>

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

6 Interest payable and similar expenses

	2020 £	2019 £
Interest on obligations under finance leases and hire purchase contracts	9,560	4,501
Interest expense on other finance liabilities	<u>81</u>	<u>-</u>
	<u>9,641</u>	<u>4,501</u>

7 Staff costs

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

	Year ended 30 January 2020 £	1 February 2018 to 30 January 2019 £
Wages and salaries	11,182,320	9,106,209
Social security costs	859,883	955,981
Pension costs, defined contribution scheme	<u>247,266</u>	<u>271,173</u>
	<u>12,289,469</u>	<u>10,333,363</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

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

	2020 No.	2019 No.
Production	238	208
Administration and support	50	40
	<u>288</u>	<u>248</u>

8 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>15,000</u>	<u>15,050</u>

9 Taxation

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

	Year ended 30 January 2020 £	1 February 2018 to 30 January 2019 £
Current taxation		
UK corporation tax adjustment to prior periods	-	(23,397)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>-</u>	<u>(67,000)</u>
Tax receipt in the profit and loss account	<u>-</u>	<u>(90,397)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(2,538,649)</u>	<u>(1,312,110)</u>
Corporation tax at standard rate	(482,343)	(249,301)
Effect of expense not deductible in determining taxable profit (tax loss)	1,187	5,069
Deferred tax expense (credit) from restricted tax losses	29,242	(43,472)
Corporation tax effect of current year tax losses carried forward	451,914	221,012
Deferred tax effect from other timing differences	-	(308)
Corporation tax prior year under provision	<u>-</u>	<u>(23,397)</u>
Total tax credit	<u>-</u>	<u>(90,397)</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

Deferred tax

Deferred tax assets and liabilities

	Liability £
2020	
Accelerated capital allowance	21,637
Restricted tax losses carried forward	(14,230)
Other timing differences	(7,407)
	<u>-</u>
	<u>-</u>
2019	
Accelerated capital allowance	48,383
Restricted tax losses carried forward	(43,472)
Other timing differences	(4,911)
	<u>-</u>
	<u>-</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.

10 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 31 January 2019	75,463	336,371	2,038,818	2,450,652
Additions	-	21,210	-	21,210
Disposals	-	-	(80,403)	(80,403)
At 30 January 2020	<u>75,463</u>	<u>357,581</u>	<u>1,958,415</u>	<u>2,391,459</u>
Depreciation				
At 31 January 2019	52,890	236,647	1,200,333	1,489,870
Charge for the year	2,257	26,435	207,272	235,964
Eliminated on disposal	-	-	(27,743)	(27,743)
At 30 January 2020	<u>55,147</u>	<u>263,082</u>	<u>1,379,862</u>	<u>1,698,091</u>
Carrying amount				
At 30 January 2020	<u>20,316</u>	<u>94,499</u>	<u>578,553</u>	<u>693,368</u>
At 30 January 2019	<u>22,573</u>	<u>99,724</u>	<u>838,485</u>	<u>960,782</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

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:

	2020 £	2019 £
Motor vehicles	<u>275,900</u>	<u>367,867</u>

Restriction on title and pledged as security

Plant and machinery with a carrying amount of £20,316 (2019 - £22,573) has been pledged as security for bank overdrafts.

Fixtures and fittings with a carrying amount of £94,499 (2019 - £99,724) has been pledged as security for bank overdrafts.

Motor vehicles with a carrying amount of £578,553 (2019 - £838,485) has been pledged as security for bank overdrafts and finance lease liabilities.

11 Stocks

	2020 £	2019 £
Raw materials and consumables	670,587	689,141
Work in progress	<u>124,134</u>	<u>-</u>
	<u>794,721</u>	<u>689,141</u>

The carrying amount of stocks pledged as security for liabilities amounted to £794,721 (2019 - £689,141).

12 Debtors

	30 January 2020 £	30 January 2019 £
Trade debtors	2,469,097	1,567,233
Amounts owed by group undertakings	868,737	616,902
Other debtors	30,630	3,823
Prepayments	70,789	242,382
Accrued income	382,623	717,015
Corporation tax asset	<u>-</u>	<u>1,421</u>
	<u>3,821,876</u>	<u>3,148,776</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

13 Creditors

	Note	30 January 2020 £	30 January 2019 £
Due within one year			
Loans and borrowings	14	1,277,384	265,001
Trade creditors		3,265,515	3,084,347
Amounts due to group undertakings		3,487,808	740,774
Social security and other taxes		1,330,095	687,979
Outstanding defined contribution pension costs		52,415	35,391
Other creditors		-	14,153
Accrued expenses		383,089	927,755
Corporation tax liability		5,477	-
		<u>9,801,783</u>	<u>5,755,400</u>
Due after one year			
Loans and borrowings	14	<u>129,613</u>	<u>255,729</u>

14 Loans and borrowings

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	1,100,000	-
Bank overdrafts	47,991	135,608
Hire purchase contracts	126,116	126,116
Other borrowings	3,277	3,277
	<u>1,277,384</u>	<u>265,001</u>

	2020 £	2019 £
Non-current loans and borrowings		
Hire purchase contracts	<u>129,613</u>	<u>255,729</u>

Secured borrowings

Bank overdrafts of £47,991 (2019 - £135,608) 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 £255,729 (2019 - £381,845) are secured on the related assets.

Bank borrowings of £1,100,000 (2019 - £nil) are secured on the trade debtors.

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

15 Pension and other 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 £247,266 (2019 - £271,173).

Contributions totalling £52,415 (2019 - £35,391) were payable to the scheme at the end of the year and are included in creditors.

16 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu for income, capital and voting rights.

17 Reserves

Share capital

Represents the nominal value of issued shares.

Profit and loss account

Includes all current and prior period distribution profits and losses.

18 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	135,677	135,677
Later than one year and not later than five years	139,617	275,114
	<u>275,294</u>	<u>410,791</u>

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	37,500	78,727
Later than one year and not later than five years	150,000	170,000
Later than five years	<u>87,500</u>	<u>105,000</u>
	<u>275,000</u>	<u>353,727</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £20,228 (2019 - £80,912).

19 Contingent liabilities

The company provided a composite unlimited multilateral guarantee against the bank loans and overdrafts of £1,055,797 (2019 - £404,721) of both Mitton Mechanical Services Limited, a fellow subsidiary undertaking and H Mitton Limited, a parent undertaking. The guarantee is secured by fixed and floating charges over all assets as described in note 14.

The company has provided a cross company guarantee and indemnity against bank borrowings of £492,000 (2019 - £nil) of Mitton Mechanical Services Limited, a fellow subsidiary undertaking. The guarantee is secured on trade debtors.

20 Related party transactions

Transactions with directors

	At 31 January 2019 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 30 January 2020 £
2020					
Interest free directors' loan accounts	<u>(3,277)</u>	<u>20,976</u>	<u>-</u>	<u>-</u>	<u>17,699</u>
				Other payments made to company by director	
	At 1 February 2018 £	Advances to directors £	Repayments by director £	£	At 30 January 2019 £
2019					
Interest free directors' loan accounts	<u>(265,261)</u>	<u>505,509</u>	<u>(243,525)</u>	<u>-</u>	<u>(3,277)</u>

Other transactions with directors

Directors have given a joint and several personal guarantee and indemnity to the principal sum of £150,000 in relation to the bank borrowings.

Summary of transactions with other related parties

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

Mitton Aftercare Limited

Notes to the Financial Statements for the Year Ended 30 January 2020

Expenditure with and payables to related parties

	Other related parties £
2020	
Rendering of services	<u>10,165</u>
	Other related parties £
2019	
Rendering of services	<u>22,200</u>

21 Parent and ultimate parent undertaking

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