

**PREPARED FOR THE REGISTRAR  
MPH MERCHANT LIMITED  
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

## **MPH Merchant Limited**

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## **MPH Merchant Limited**

### **Company Information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | J E Milligan<br>M N Turner<br>C A Edwards                                  |
| <b>Registered office</b> | Olympus House<br>Britannia Road<br>Patchway<br>Bristol<br>BS34 5TA         |
| <b>Solicitors</b>        | Harrison Clark Rickerbys<br>5 Deansway<br>Worcester<br>WR1 2JG             |
| <b>Accountants</b>       | Hazlewoods LLP<br>Windsor House<br>Bayshill Road<br>Cheltenham<br>GL50 3AT |

**MPH Merchant Limited****(Registration number: 06719782)****Balance Sheet as at 31 August 2020**

|  | <b>Note</b> | <b>2020<br/>£</b>  | <b>2019<br/>£</b>  |
|--|-------------|--------------------|--------------------|
| <b>Fixed assets</b>                            |             |                    |                    |
| Intangible assets                              | <u>4</u>    | 78,591             | 92,809             |
| Tangible assets                                | <u>5</u>    | 99,315             | 76,674             |
| Investments                                    | <u>6</u>    | 36,010             | 36,010             |
|  |             | <u>213,916</u>     | <u>205,493</u>     |
| <b>Current assets</b>                          |             |                    |                    |
| Stocks   | <u>7</u>    | 683,618            | 561,818            |
| Debtors  | <u>8</u>    | 931,858            | 831,037            |
| Cash at bank and in hand                       |             | 65,748             | 78,660             |
|  |             | <u>1,681,224</u>   | <u>1,471,515</u>   |
| Creditors: Amounts falling due within one year | <u>9</u>    | <u>(2,836,165)</u> | <u>(2,455,952)</u> |
| Net current liabilities                        |             | <u>(1,154,941)</u> | <u>(984,437)</u>   |
| Net liabilities                                |             | <u>(941,025)</u>   | <u>(778,944)</u>   |
| <b>Capital and reserves</b>                    |             |                    |                    |
| Called up share capital                        |             | 20,007             | 20,007             |
| Profit and loss account                        |             | <u>(961,032)</u>   | <u>(798,951)</u>   |
| Total equity                                   |             | <u>(941,025)</u>   | <u>(778,944)</u>   |

For the financial year ending 31 August 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

**Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 28 January 2021 and signed on its behalf by:

.....  
J E Milligan  
Director

The notes on pages 3 to 12 form an integral part of these financial statements.

## **MPH Merchant Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 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:  
Olympus House  
Britannia Road  
Patchway  
Bristol  
BS34 5TA

#### **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 have been prepared in accordance with Financial Reporting Standard 102 Section 1A - '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 for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

##### **Group accounts not prepared**

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small group.

##### **Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company also relies on the support of one of its subsidiaries to meet its financial obligations as they fall due. This support is expected to continue into the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Judgements and estimation uncertainty**

These financial statements do not contain any significant judgements or estimation uncertainty.

##### **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 sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. 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.

## **MPH Merchant Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 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 on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **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.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

| <b>Asset class</b>     | <b>Depreciation method and rate</b> |
|------------------------|-------------------------------------|
| Leasehold improvements | Over the term of the lease          |
| Fixtures and fittings  | 20% straight line basis             |
| Plant and machinery    | 20% straight line basis             |
| Motor vehicles         | 20% straight line basis             |

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Intangible assets**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| <b>Asset class</b> | <b>Amortisation method and rate</b> |
|--------------------|-------------------------------------|
| Goodwill           | 10 years straight line basis        |

## **MPH Merchant Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

#### **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 finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories 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.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **MPH Merchant Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **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.

#### **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.

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

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Financial instruments**

**Notes to the Financial Statements for the Year Ended 31 August 2020**

**Classification**

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 on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

**Recognition and measurement**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**Impairment**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**3 Staff numbers**

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

|                             | <b>2020</b> | <b>2019</b> |
|-----------------------------|-------------|-------------|
|                             | <b>No.</b>  | <b>No.</b>  |
| Average number of employees | <u>23</u>   | <u>24</u>   |

**MPH Merchant Limited**

**Notes to the Financial Statements for the Year Ended 31 August 2020**

**4 Intangible assets**

|   | <b>Goodwill<br/>£</b> |
|---|-----------------------|
| <b>Cost</b>                               |                       |
| At 1 September 2019 and at 31 August 2020 | 142,184               |
| <b>Amortisation</b>                       |                       |
| At 1 September 2019                       | 49,375                |
| Amortisation charge                       | 14,218                |
| At 31 August 2020                         | 63,593                |
| <b>Carrying amount</b>                    |                       |
| At 31 August 2020                         | 78,591                |
| At 31 August 2019                         | 92,809                |

**5 Tangible assets**

|                        | <b>Leasehold land<br/>and buildings<br/>£</b> | <b>Furniture,<br/>fittings and<br/>equipment<br/>£</b> | <b>Motor vehicles<br/>£</b> | <b>Total<br/>£</b> |
|------------------------|---|--|-----------------------------|--------------------|
| <b>Cost</b>            |   |  |                             |                    |
| At 1 September 2019    | 46,360  | 121,146  | 18,000                      | 185,506            |
| Additions              | 17,173  | 47,414   | -                           | 64,587             |
| At 31 August 2020      | 63,533  | 168,560  | 18,000                      | 250,093            |
| <b>Depreciation</b>    |   |  |                             |                    |
| At 1 September 2019    | 16,103  | 74,729   | 18,000                      | 108,832            |
| Charge for the year    | 6,068   | 35,878   | -                           | 41,946             |
| At 31 August 2020      | 22,171  | 110,607  | 18,000                      | 150,778            |
| <b>Carrying amount</b> |   |  |                             |                    |
| At 31 August 2020      | 41,362  | 57,953   | -                           | 99,315             |
| At 31 August 2019      | 30,257  | 46,417   | -                           | 76,674             |

## MPH Merchant Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 6 Investments

|                             | 2020<br>£ | 2019<br>£ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | 36,010    | 36,010    |

#### Subsidiaries

##### Cost and carrying amount

At 1 September 2019 and at 31 August 2020

36,010

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking                          | Registered office | Holding  | Proportion of voting rights and shares held |      |
|--------------------------------------|-------------------|----------|---|------|
|                                      |                   |          | 2020  | 2019 |
| Subsidiary undertakings              |                   |          |   |      |
| MPH Merchant (South Coast) Limited   | England and Wales | Ordinary | 81%   | 81%  |
| MPH Merchant (West Midlands) Limited |                   | Ordinary | 100%  | 100% |
|                                      | England and Wales |          |   |      |
| MPH Merchant (Home Counties) Limited | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (London) Limited        | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (Southern) Limited      | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (North East) Limited    | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (North West) Limited    | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (South West) Limited    | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (Wessex) Limited        | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| MPH Merchant (South East) Limited    | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |
| UK Plumbing Limited                  | England and Wales | Ordinary | 100%  | 100% |
|                                      |                   | Ordinary | 100%  | 100% |

The principal activity of MPH Merchant (South Coast) Limited is that of a plumbing and heating merchant. All of the other subsidiaries are dormant companies.

#### 7 Stocks

| 2020<br>£ | 2019<br>£ |
|-----------|-----------|
|-----------|-----------|

Raw materials and consumables

683,618

561,818

**8 Debtors**

**MPH Merchant Limited****Notes to the Financial Statements for the Year Ended 31 August 2020**

|               | <b>2020</b>    | <b>2019</b>    |
|---------------|----------------|----------------|
|               | <b>£</b>       | <b>£</b>       |
| Trade debtors | 564,144        | 542,198        |
| Other debtors | 308,180        | 234,812        |
| Prepayments   | 59,534         | 54,027         |
|               | <u>931,858</u> | <u>831,037</u> |

**9 Creditors**

|  | <b>2020</b>         | <b>2019</b>      |
|--|---------------------|------------------|
|  | <b>£</b>            | <b>£</b>         |
| <b>Due within one year</b>                     |                     |                  |
| Loans and borrowings                           | <u>10</u> 83,548    | 401,622          |
| Trade creditors                                | 1,323,507           | 722,985          |
| Amounts due to related parties                 | <u>14</u> 1,225,455 | 1,173,151        |
| Social security and other taxes                | 31,155              | 72,510           |
| Outstanding defined contribution pension costs | 1,073               | 1,036            |
| Other creditors                                | 52,647              | 44,984           |
| Accrued expenses                               | 118,780             | 39,664           |
|  | <u>2,836,165</u>    | <u>2,455,952</u> |

**10 Loans and borrowings**

|  | <b>2020</b>   | <b>2019</b>    |
|--|---------------|----------------|
|  | <b>£</b>      | <b>£</b>       |
| <b>Current loans and borrowings</b>          |               |                |
| Confidential invoice discounting arrangement | <u>83,548</u> | <u>401,622</u> |

The above liability is secured via fixed and floating charges on the company's assets.

**11 Obligations under leases and hire purchase contracts****Operating leases**

The total of future minimum lease payments is as follows:

|   | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Not later than one year                           | 64,857         | 75,728         |
| Later than one year and not later than five years | 175,580        | 218,910        |
| Later than five years                             | 274,725        | 212,294        |
|   | <u>515,162</u> | <u>506,932</u> |

**12 Share capital****Allotted, called up and fully paid shares**

**MPH Merchant Limited****Notes to the Financial Statements for the Year Ended 31 August 2020**

|                              | 2020          |               | 2019          |               |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | No.           | £             | No.           | £             |
| A Ordinary shares of £1 each | 16,007        | 16,007        | 16,007        | 16,007        |
| B Ordinary shares of £1 each | 2,000         | 2,000         | 2,000         | 2,000         |
| C Ordinary shares of £1 each | 2,000         | 2,000         | 2,000         | 2,000         |
|                              | <u>20,007</u> | <u>20,007</u> | <u>20,007</u> | <u>20,007</u> |

**Rights, preferences and restrictions**

All shares carry equal rights in all aspects, other than dividend rights

## **MPH Merchant Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **13 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 £35,479 (2019 - £32,048).

Contributions totalling £1,073 (2019 - £nil) were payable to the scheme at the end of the year and are included in creditors.

#### **14 Related party transactions**

##### **Other related party transactions**

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

##### **MPH Merchant (South Coast) Limited**

(a subsidiary company)

At the balance sheet date, the amount due to MPH Merchant (South Coast) Limited was £1,251,797 (2019 - £1,001,097).

##### **Kellaway Building Supplies Limited**

(connected company)

At the balance sheet date, the amount due to Kellaway Building Supplies Limited was £10,840 (2019 - £27,012).

#### **15 Parent and ultimate parent undertaking**

The company is controlled by J E Milligan, the director of the company.

#### **16 Disclosure under Section 444(5B) CA 2006**

As permitted by Section 444 CA 2006, these accounts do not contain a copy of the company's Profit and Loss account or a copy of the Directors' Report. These accounts are unaudited.

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This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.