

Report of the Directors and  
Financial Statements for the Year Ended 31 December 2014  
for  
Mitchell North West Limited

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Company registration number 2416390

Mitchell North West Limited

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for the Year Ended 31 December 2014

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Mitchell North West Limited

Company Information

for the Year Ended 31 December 2014

**DIRECTORS:**

Mr M S Mitchell  
Mrs A L Mitchell  
Mr N G Crowden  
Mrs J Oliver

**SECRETARY:**

Mrs J Oliver

**REGISTERED OFFICE:**

Stanney Mill Lane  
Cheshire Oaks  
Chester  
CH2 4RG

**REGISTERED NUMBER:**

2416390 (England and Wales)

**AUDITORS:**

Baker Tilly UK Audit LLP  
Chartered Accountants  
Steam Mill  
Steam Mill Street  
Chester  
CH3 5AN

Mitchell North West Limited

Strategic Report

for the Year Ended 31 December 2014

A mix of the exciting range of Brands which we represent and our culture and values have combined to produce another successful year. The dedication of our staff plays a huge part in our success; they truly demonstrate that "it's our people that make a difference". Turnover has increased by 6.6% and operating profit up by 53.5%. Our liquidity also improved with a reduction in our overdraft position by over £1m.

Our ranking in the Motor Trader Top 200 UK Motor Groups publication improved to 178 from 181 in 2013. The all-important ranking of profit per employee improved to first place nationally against second place in 2013. Our return on sales position remained at third nationally.

The extension to the Skoda facility noted in our 2013 report was implemented during the year with building work starting in late August. Due to some difficulties, the completion of the project has been delayed with a final handover of the building planned for early February 2015. The building works have naturally caused a disruption to the smooth running of the business and this was felt in our trading results in quarter four. We look forward to moving into the new-look showrooms and the increased trading opportunities this will bring.

Mazda had a strong year with 26% increase in new car sales volumes. After sales performance also improved as the vehicle parc grows year on year. 2015 brings a complete revamp of the model range in the Mazda franchise along with the launch of the CX-3 in quarter two. The Mazda showroom will also have a refurbishment during early 2015, bringing the customer experience further into the 21st century.

Lexus' fortunes were disappointing with each department showing reduced profitability year on year. New car volumes increased with the launch of the NX in October, however used car sales volumes fell by a corresponding amount. NX has proved to be very successful with demand outstripping supply. We are already taking orders into quarter three 2015! Not to be left out, the Lexus showroom is also planned to be refurbished in 2015 in line with the Lexus national "roll-out". This will complete the new look for our entire group. The new RC-F model is due for launch in March 2015. This 5 litre V8 coupe inspired by the LFA supercar will build on the Brand's reputation for high performance motoring with cutting edge technology.

Our principal trading risks are maintaining our relationships with our manufacturers alongside a reliance on their product development to provide exciting product ranges into the future.

With all of these exciting developments, we have much to be thankful for and feel ideally placed to move forward confidently into 2015.

**ON BEHALF OF THE BOARD:**



Mrs J Oliver

Group Finance Director

Date: 2 February 2015

## Mitchell North West Limited

### Report of the Directors for the Year Ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of franchised motor dealers.

#### **DIVIDENDS**

Dividends totalling £17.00 per share were voted during the year on the Ordinary £1 shares. M S Mitchell, A L Mitchell and N G Crowden waived their entitlement to certain dividends during the course of the year.

The total distribution of dividends for the year ended 31 December 2014 is £265,000 (2013: £250,000).

#### **DIRECTORS**

The directors during the year under review were:

Mr M S Mitchell  
Mrs A L Mitchell  
Mr N G Crowden  
Mrs J Oliver

#### **CHARITABLE DONATIONS**

During the year ended 31 December 2014 donations totalling £200,878 (2013: £186,849) were made to charitable organisations. We continue to support projects locally, nationally and overseas which have captured our imagination as worthwhile initiatives.

#### **STRATEGIC REPORT**

The review of the business, future developments, key performance indicators and principal risks and uncertainties are included in the Strategic Report.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Mitchell North West Limited

Report of the Directors  
for the Year Ended 31 December 2014

**AUDITORS**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

**ON BEHALF OF THE BOARD:**



Mrs J Oliver - Secretary

Date: 2 Feb 2015

Report of the Independent Auditors to the Shareholders of  
Mitchell North West Limited

We have audited the financial statements on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As more fully explained in the Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Dale Thorpe BSc FCA  
Senior Statutory Auditor

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Steam Mill  
Steam Mill Street  
Chester CH3 5AN

Date: 3 February 2015

Mitchell North West Limited

Profit and Loss Account  
for the Year Ended 31 December 2014

|  |       | <u>31.12.14</u>         | <u>31.12.13</u>         |
|--|-------|-------------------------|-------------------------|
|  | Notes | £                       | £                       |
| <b>TURNOVER</b>                                      |       | <b>45,221,396</b>       | 42,406,924              |
| Cost of sales  |       | <u>(41,805,031)</u>     | <u>(39,696,837)</u>     |
| <b>GROSS PROFIT</b>                                  |       | <b>3,416,365</b>        | 2,710,087               |
| Administrative expenses                              |       | <u>(1,160,891)</u>      | <u>(1,113,996)</u>      |
|  |       | 2,255,474               | 1,596,091               |
| Other operating income                               |       | <u>203,334</u>          | <u>5,000</u>            |
| <b>OPERATING PROFIT</b>                              | 3     | 2,458,808               | 1,601,091               |
| Interest payable and similar charges                 | 4     | <u>(20,988)</u>         | <u>(48,551)</u>         |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | <b>2,437,820</b>        | 1,552,540               |
| Tax on profit on ordinary activities                 | 5     | <u>(474,481)</u>        | <u>(390,524)</u>        |
| <b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>  |       | <b><u>1,963,339</u></b> | <b><u>1,162,016</u></b> |

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current and previous years.



Mitchell North West Limited

Balance Sheet

31 December 2014

Company registration number 2416390

|  |       | 31.12.14           |                         | 31.12.13           |                         |
|--|-------|--------------------|-------------------------|--------------------|-------------------------|
|  | Notes | £                  | £                       | £                  | £                       |
| <b>FIXED ASSETS</b>  |       |                    |                         |                    |                         |
| Tangible assets  | 7     |                    | 3,554,990               |                    | 3,482,615               |
| <b>CURRENT ASSETS</b>  |       |                    |                         |                    |                         |
| Stocks   | 8     | 6,526,585          |                         | 4,710,528          |                         |
| Debtors  | 9     | 1,549,661          |                         | 1,225,668          |                         |
| Cash in hand   |       | <u>400</u>         |                         | <u>400</u>         |                         |
|  |       | 8,076,646          |                         | 5,936,596          |                         |
| <b>CREDITORS: Amounts falling due within one year</b>          | 10    | <u>(5,911,892)</u> |                         | <u>(5,133,496)</u> |                         |
| <b>NET CURRENT ASSETS/ (LIABILITIES)</b>                       |       |                    | <b><u>2,164,754</u></b> |                    | <b><u>803,100</u></b>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       |                    | <b>5,719,744</b>        |                    | <b>4,285,715</b>        |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 11    |                    | (201,000)               |                    | (439,334)               |
| <b>PROVISIONS FOR LIABILITIES</b>                              | 14    |                    | <u>(192,550)</u>        |                    | <u>(218,526)</u>        |
|  |       |                    | <b><u>5,326,194</u></b> |                    | <b><u>3,627,855</u></b> |
| <b>CAPITAL AND RESERVES</b>                                    |       |                    |                         |                    |                         |
| Called up share capital  | 15    |                    | 100,000                 |                    | 100,000                 |
| Profit and loss account  |       |                    | <u>5,226,194</u>        |                    | <u>3,527,855</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 19    |                    | <b><u>5,326,194</u></b> |                    | <b><u>3,627,855</u></b> |

The financial statements were approved and authorised for issue by the Board of Directors on ~~2 February~~ 2 February 2015 and were signed on its behalf by:



Mrs J Oliver – Group Finance Director

Mitchell North West Limited

Cash Flow Statement  
for the Year Ended 31 December 2014

|   |       | <u>31.12.14</u> |                    | <u>31.12.13</u> |                    |
|---|-------|-----------------|--------------------|-----------------|--------------------|
|   | Notes | £               | £                  | £               | £                  |
| Net cash inflow from operating activities               | 1     |                 | 1,902,945          |                 | 1,703,709          |
| Returns on investments and servicing of finance         | 2     |                 | (20,988)           |                 | (48,551)           |
| Taxation  |       |                 | (345,213)          |                 | (363,245)          |
| Capital expenditure                                     | 2     |                 | (195,841)          |                 | (50,110)           |
| Equity dividends paid                                   |       |                 | <u>(265,000)</u>   |                 | <u>(250,000)</u>   |
| Cash inflow before financing                            |       |                 | 1,075,903          |                 | 991,803            |
| Financing   | 2     |                 | <u>(40,000)</u>    |                 | <u>(139,500)</u>   |
| Increase in cash in the period                          |       |                 | <u>1,035,903</u>   |                 | <u>852,303</u>     |
| <hr/>   |       |                 |                    |                 |                    |
| Reconciliation of net cash flow to movement in net debt | 3     |                 |                    |                 |                    |
| Increase in cash in the period                          |       | 1,035,903       |                    | 852,303         |                    |
| Cash inflow/(outflow) from decrease in debt             |       | <u>40,000</u>   |                    | <u>139,500</u>  |                    |
| Change in net debt resulting from cash flows            |       |                 | <u>1,075,903</u>   |                 | <u>991,803</u>     |
| Movement in net debt in the period                      |       |                 | 1,075,903          |                 | 991,803            |
| Net debt at 1 January                                   |       |                 | <u>(1,514,501)</u> |                 | <u>(2,506,304)</u> |
| Net debt at 31 December                                 |       |                 | <u>(438,598)</u>   |                 | <u>(1,514,501)</u> |

Mitchell North West Limited

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2014

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

|  | 31.12.14<br>£           | 31.12.13<br>£           |
|--|-------------------------|-------------------------|
| Operating profit                                     | 2,458,808               | 1,601,091               |
| Depreciation charges                                 | 123,946                 | 86,612                  |
| Profit on sale of fixed assets                       | (480)                   | -                       |
| Government grants                                    | (203,334)               | (5,000)                 |
| (Increase) in stocks                                 | (1,816,057)             | (339,135)               |
| (Increase) in debtors                                | (323,993)               | (432,297)               |
| Increase in creditors                                | 1,664,055               | 792,438                 |
| <b>Net cash inflow<br/>from operating activities</b> | <b><u>1,902,945</u></b> | <b><u>1,703,709</u></b> |

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

|   | 31.12.14<br>£           | 31.12.13<br>£           |
|---|-------------------------|-------------------------|
| <b>Returns on investments and<br/>servicing of finance</b>                      |                         |                         |
| Interest received   | -                       | -                       |
| Interest paid   | <u>(20,988)</u>         | <u>(48,551)</u>         |
| <b>Net cash outflow<br/>for returns on investments and servicing of finance</b> | <b><u>(20,988)</u></b>  | <b><u>(48,551)</u></b>  |
| <b>Capital expenditure</b>  |                         |                         |
| Purchase of tangible fixed assets   | (196,321)               | (50,110)                |
| Sale of tangible fixed assets   | <u>480</u>              | <u>-</u>                |
| <b>Net cash outflow<br/>for capital expenditure</b>                             | <b><u>(195,841)</u></b> | <b><u>(50,110)</u></b>  |
| <b>Financing</b>  |                         |                         |
| New loan taken out in year  | 195,000                 | 6,000                   |
| Loan repaid in year   | -                       | (163,000)               |
| Amount introduced by directors  | 260,000                 | 325,000                 |
| Amount withdrawn by directors   | <u>(495,000)</u>        | <u>(307,500)</u>        |
| <b>Net cash inflow/ (outflow)<br/>from financing</b>                            | <b><u>(40,000)</u></b>  | <b><u>(139,500)</u></b> |

Mitchell North West Limited

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2014

3. ANALYSIS OF CHANGES IN NET DEBT

|                                     | At 1.1.14<br>£            | Cash flow<br>£          | At 31.12.14<br>£        |
|-------------------------------------|---------------------------|-------------------------|-------------------------|
| Net cash:                           |                           |                         |                         |
| Cash in hand                        | 400                       | -                       | 400                     |
| Bank in hand/ (overdraft)           | <u>(1,273,901)</u>        | <u>1,035,903</u>        | <u>(237,998)</u>        |
|                                     | <u>(1,273,501)</u>        | <u>1,035,903</u>        | <u>(237,598)</u>        |
| Debt:                               |                           |                         |                         |
| Debts falling due<br>after one year | <u>(241,000)</u>          | <u>40,000</u>           | <u>(201,000)</u>        |
|                                     | <u>(241,000)</u>          | <u>40,000</u>           | <u>(201,000)</u>        |
| Total                               | <u><u>(1,514,501)</u></u> | <u><u>1,075,903</u></u> | <u><u>(438,598)</u></u> |

**1. ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention.

**Going concern**

We are pleased to report a continued improvement in net current assets in 2014 to £2,164,754 vs. £803,100. We anticipate this trend continuing into the next financial year with our intention to reduce our bank overdraft level. The directors have reviewed and approved financial projections including cash flow forecasts for the year to January 2016. Given this positive trend and our on-going relationship with our bankers, along with our focus on expense control and high customer retention levels, we consider it appropriate to prepare the accounts on a going concern basis.

**Turnover**

Turnover represents net invoiced sales of new and used cars, service and parts sales excluding value added tax. This includes any motor manufacturers' bonus.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                               |                                   |
|-------------------------------|-----------------------------------|
| Freehold land and buildings   | - Land nil%, Buildings 2% on cost |
| Fixtures, fitting & equipment | - 25% on cost                     |
| Motor Vehicles & Others       | - 25% on cost                     |
| Computer equipment            | - 33% on cost                     |

**Assets under construction**

The building work currently under construction has been shown separately in fixed assets. Completion is expected during February 2015.

**Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

**Consignment stock**

New vehicle consignment stocks are included in the financial statements in accordance with FRS5.

This requires the substance of the transaction to take precedence over the legal form. To achieve this the vehicle consignment stock has been included in stocks and a corresponding amount has been included in liabilities due in less than one year

The stocks note in the financial statements quantifies the consignment stocks held at the year end.

**Manufacturer contributions**

Contributions in relation to capital expenditure are credited against the assets to which they relate.

**Deferred government grants**

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Mitchell North West Limited

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

**2. STAFF COSTS**

|                       | 31.12.14         | 31.12.13         |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 2,537,388        | 2,464,497        |
| Social security costs | 279,115          | 275,403          |
| Other pension costs   | 13,397           | 2,000            |
|                       | <u>2,829,900</u> | <u>2,741,900</u> |

The average monthly number of employees during the year was as follows:

|                | 31.12.14  | 31.12.13  |
|----------------|-----------|-----------|
| Direct labour  | 79        | 79        |
| Administration | 10        | 10        |
| Total          | <u>89</u> | <u>89</u> |

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

|                                    | 31.12.14      | 31.12.13      |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Depreciation - owned assets        | 123,946       | 86,791        |
| Profit on disposal of fixed assets | 480           | -             |
| Release of grant                   | (203,334)     | (5,000)       |
| Auditors' remuneration             | <u>14,000</u> | <u>13,200</u> |
| Directors' emoluments              | <u>52,995</u> | <u>62,199</u> |

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

|                     | 31.12.14      | 31.12.13      |
|---------------------|---------------|---------------|
|                     | £             | £             |
| Bank interest       | 13,768        | 36,425        |
| Other loan interest | <u>7,220</u>  | <u>12,126</u> |
|                     | <u>20,988</u> | <u>48,551</u> |

Mitchell North West Limited

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

5. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

|                                      | 31.12.14<br>£         | 31.12.13<br>£         |
|--------------------------------------|-----------------------|-----------------------|
| Current tax:                         |                       |                       |
| UK corporation tax                   | 495,064               | 339,820               |
| (Over)/under provision in prior year | <u>5,393</u>          | <u>(1,201)</u>        |
| Total current tax                    | 500,457               | 338,619               |
| Deferred taxation                    | <u>(25,976)</u>       | <u>51,905</u>         |
| Tax on profit on ordinary activities | <u><u>474,481</u></u> | <u><u>390,524</u></u> |

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

|   | 31.12.14<br>£         | 31.12.13<br>£         |
|---|-----------------------|-----------------------|
| Profit on ordinary activities before tax  | <u>2,437,820</u>      | <u>1,552,540</u>      |
| Profit on ordinary activities<br>multiplied by the standard rate of corporation tax<br>in the UK of 21.5% (2013 – 23.25%) | 523,964               | 360,966               |
| Effects of:   |                       |                       |
| Expenses not deductible   | 1,646                 | 1,036                 |
| Capital allowances in excess of depreciation  | (30,443)              | (21,882)              |
| Profit on disposal of fixed assets  | (103)                 | -                     |
| Marginal rate relief  | -                     | (300)                 |
| Under/(Over) provision in prior year  | <u>5,393</u>          | <u>(1,201)</u>        |
| Current tax charge  | <u><u>500,457</u></u> | <u><u>338,619</u></u> |

**Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £40,734 (2013: £40,734). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Mitchell North West Limited

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

6. **DIVIDENDS**

|                            | 31.12.14<br>£  | 31.12.13<br>£  |
|----------------------------|----------------|----------------|
| Equity shares:             |                |                |
| Ordinary shares of £1 each |                |                |
| Interim                    | <u>265,000</u> | <u>250,000</u> |
|                            | <u>265,000</u> | <u>250,000</u> |

7. **TANGIBLE FIXED ASSETS**

|                        | Freehold<br>land and<br>buildings<br>£ | Assets in the<br>course of<br>construction<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Motor<br>Vehicles<br>and Others<br>£ | Computer<br>equipment<br>£ | Total<br>£       |
|------------------------|--|---|---|--------------------------------------|----------------------------|------------------|
| <b>COST:</b>           |  |   |   |                                      |                            |                  |
| At 1 January 2014      | 3,889,033                              | -   | 703,291                                     | 13,552                               | 317,544                    | 4,923,420        |
| Additions              | -                                      | 157,728   | 42,005                                      | -                                    | (3,412)                    | 196,321          |
| Disposals              | -                                      | -   | (4,500)                                     | -                                    | -                          | (4,500)          |
| At 31 December 2014    | <u>3,889,033</u>                       | <u>157,728</u>                                  | <u>740,796</u>                              | <u>13,552</u>                        | <u>314,132</u>             | <u>5,115,241</u> |
| <b>DEPRECIATION:</b>   |  |   |   |                                      |                            |                  |
| At 1 January 2014      | 588,054                                | -   | 634,952                                     | 11,456                               | 206,343                    | 1,440,805        |
| Charge for year        | 61,692                                 | -   | 24,798                                      | 1,386                                | 36,070                     | 123,946          |
| Disposals              | -                                      | -   | (4,500)                                     | -                                    | -                          | (4,500)          |
| At 31 December 2013    | <u>649,746</u>                         | <u>-</u>  | <u>655,250</u>                              | <u>12,842</u>                        | <u>242,413</u>             | <u>1,560,251</u> |
| <b>NET BOOK VALUE:</b> |  |   |   |                                      |                            |                  |
| At 31 December 2014    | <u>3,239,287</u>                       | <u>157,728</u>                                  | <u>85,546</u>                               | <u>710</u>                           | <u>71,719</u>              | <u>3,554,990</u> |
| At 31 December 2013    | <u>3,300,979</u>                       | <u>-</u>  | <u>68,339</u>                               | <u>2,096</u>                         | <u>111,201</u>             | <u>3,482,615</u> |

Included in cost of land and buildings is freehold land of £800,000 (2013 - £800,000) which is not depreciated.

8. **STOCKS**

|                           | 31.12.14<br>£    | 31.12.13<br>£    |
|---------------------------|------------------|------------------|
| Stock of goods for resale | <u>6,526,585</u> | <u>4,710,528</u> |

The company holds consignment stock that is legally owned by Mazda UK Limited, Lexus (GB) Limited and Skoda UK Limited, on terms that give the company the right to sell the stock in the normal course of business or, at the company's option, to return if unsold. The value of the consignment stock included in stocks and current liabilities at the 31 December 2014 is £1,322,957 (2013: £787,088).



Mitchell North West Limited

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

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                | 31.12.14<br>£    | 31.12.13<br>£    |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 1,177,482        | 930,486          |
| Other debtors                  | 233,460          | 96,214           |
| Prepayments and accrued income | 138,719          | 198,968          |
|                                | <u>1,549,661</u> | <u>1,225,668</u> |

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                  | 31.12.14<br>£    | 31.12.13<br>£    |
|----------------------------------|------------------|------------------|
| Bank overdrafts<br>(see note 12) | 237,998          | 1,273,901        |
| Trade creditors                  | 3,262,917        | 1,784,436        |
| Consignment stocks               | 1,322,957        | 787,088          |
| Corporation tax                  | 495,064          | 339,820          |
| Other tax & social security      | 193,677          | 354,693          |
| Accruals and deferred income     | 399,279          | 588,558          |
| Deferred government grants       | -                | 5,000            |
|                                  | <u>5,911,892</u> | <u>5,133,496</u> |

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                            | 31.12.14<br>£  | 31.12.13<br>£  |
|----------------------------|----------------|----------------|
| Deferred government grants | -              | 198,334        |
| Other loans                | 201,000        | 6,000          |
| Directors' loan accounts   | -              | 235,000        |
|                            | <u>201,000</u> | <u>439,334</u> |

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Notes to the Financial Statements  
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**12. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

|   | 31.12.14<br>£         | 31.12.13<br>£           |
|---|-----------------------|-------------------------|
| Amounts falling due within one year or on demand: |                       |                         |
| Bank overdrafts                                   | <u>237,998</u>        | <u>1,273,901</u>        |
|   | 237,998               | 1,273,901               |
| Amounts falling due after more than one year:     |                       |                         |
| Other loans                                       | 201,000               | 204,334                 |
| Directors' Loan Accounts                          | <u>-</u>              | <u>235,000</u>          |
|   | 201,000               | 439,334                 |
| Total loans and overdraft                         | <u><u>438,998</u></u> | <u><u>1,713,235</u></u> |

**13. SECURED DEBTS**

The following secured debts are included within creditors:

|                 | 31.12.14<br>£         | 31.12.13<br>£           |
|-----------------|-----------------------|-------------------------|
| Bank overdrafts | <u><u>237,998</u></u> | <u><u>1,273,901</u></u> |

The bank overdraft is secured by a first and second legal charge created by the company for securing all monies due or to become due to Barclays Bank Plc. The legal charge is secured on the freehold land lying on the South side of Stanney Mill Lane.

Debentures dated 26 July 2010 and 14 December 2004 were created by the company for securing all monies due or become due to Toyota Financial Services (UK) Plc and Santander Consumer (UK) Plc. The debentures are secured on the freehold property and fixtures of the company with deed of priority in place over each asset of the company.

**14. PROVISIONS FOR LIABILITIES**

|                                | 31.12.14<br>£         | 31.12.13<br>£         |
|--------------------------------|-----------------------|-----------------------|
| Deferred taxation              | <u><u>192,550</u></u> | <u><u>218,526</u></u> |
|                                | Deferred<br>tax       |                       |
|                                | £                     |                       |
| Balance at 1 January 2014      | 218,526               |                       |
| Accelerated Capital Allowances | <u>(25,976)</u>       |                       |
| Balance at 31 December 2014    | <u><u>192,550</u></u> |                       |

Mitchell North West Limited

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

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class:   | Nominal<br>value: | 31.12.14<br>£  | 31.12.13<br>£  |
|---------|----------|-------------------|----------------|----------------|
| 100,000 | Ordinary | £1                | <u>100,000</u> | <u>100,000</u> |
|         |          |                   | <u>100,000</u> | <u>100,000</u> |

**16. RELATED PARTY DISCLOSURES**

The directors are the shareholders of the company, and total dividends received by them during the year were £265,000 (2013: £250,000). M S Mitchell, A L Mitchell and N G Crowden waived their entitlement to certain dividends during the course of the year.

The company made charitable donations of £138,600 during the year (2013: £130,900) to The Zoom Zoom Trust of which M S Mitchell and A L Mitchell are trustees. A donation of £32,400 (2013: £30,600) was made to The Captain's Trust of which N G Crowden is a trustee, and £9,000 (2013: £8,500) was made to the Auxiliarium Trust of which J Oliver is a Trustee.

The company received £85,000 from N G Crowden, director of the company during the year; £Nil is outstanding at 31 December 2014 (2013: £130,000). Interest of 2% per annum was paid on the balance amounting to £2,120 (2013: £3,062) during the year.

The company also received a loan from J Oliver of £85,000 of which £Nil remains outstanding at 31 December 2014 (2013: £55,000). Interest of 2% per annum accrued. Interest of £1,427 (2013: £2,567) was paid during the year.

The company also received a loan from A L Mitchell of £45,000 and had a balance of £Nil at 31 December 2014. Interest of 2% per annum paid on the balance being £234 during the year (2013: £1,327). M S Mitchell made a loan of £45,000 during the year and £Nil was outstanding at 31 December 2014. Interest of 2% per annum paid on the balance being £234 (2013: £1,327) during the year.

The company received an additional £195,000 loan from P Mitchell, father of M S Mitchell, with a balance of £201,000 outstanding at the year end (2013: £6,000). The loan is not repayable within the next 12 months unless by agreement of the Board and has interest of 2% per annum paid on the balance. Interest of £3,204 (2013: £519) was paid during the year.

**17. CAPITAL COMMITMENTS**

|   | 31.12.14<br>£  | 31.12.13<br>£ |
|---|----------------|---------------|
| Contracted for but not provided for in the financial statements | <u>112,792</u> | <u>-</u>      |

**18. CONTINGENT LIABILITIES**

During the year the company received contributions of £185,800 from Skoda UK by way of support for the improved showroom facility. This is repayable on a pro-rata basis should the company exit the franchise before August 2019.

Mitchell North West Limited

Notes to the Financial Statements  
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19. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|  | 31.12.14<br>£           | 31.12.13<br>£           |
|--|-------------------------|-------------------------|
| Profit for the financial year              | 1,963,339               | 1,162,016               |
| Dividends                                  | <u>(265,000)</u>        | <u>(250,000)</u>        |
| <b>Net addition to shareholders' funds</b> | <b>1,698,339</b>        | 912,016                 |
| Opening shareholders' funds                | <u>3,627,855</u>        | <u>2,715,839</u>        |
| <b>Closing shareholders' funds</b>         | <b><u>5,326,194</u></b> | <b><u>3,627,855</u></b> |
| Equity interests                           | <u>5,326,194</u>        | <u>3,627,855</u>        |

20. **ULTIMATE CONTROLLING PARTY**

The majority shareholders and ultimate controlling parties are Mr M S and Mrs A L Mitchell.