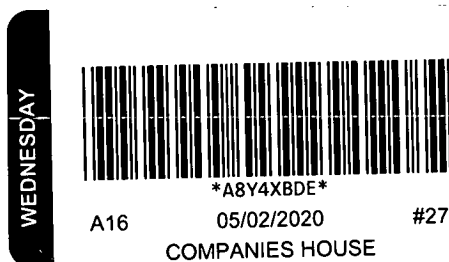


Mitchell North West Limited

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Company number 2416390



COMPANY INFORMATION

For the year ended 31 December 2019

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:

RSM UK Audit LLP
Chartered Accountants
One City Place
Queens Road
Chester
CH1 3BQ

Mitchell North West Limited

Strategic Report

For the year ended 31 December 2019

The Directors present their Strategic Report and Financial Statements for the year ended 31 December 2019.

Review of the Business 2019

As we begin our 30th year in business, we can look back on a rich variety of encouragements

- highly committed and long-serving members of the team (over 70 of our 98 full-time staff have served over 10 years)
- first rate relationships with over 23,000 customers
- maturity and sense of mutual respect with our automotive partners

The retail motor industry continues apace and whilst as a senior team, we all have a few more "miles on the clock", none of us has lost his/her "showroom shine" and a passion for delivering outstanding customer experiences and exemplary financial results.

As ever, we are totally committed to the professional and pastoral well-being of our three brand teams and are pleased to report that our staff turnover for the year remained impressively low at 8%. We remain deeply appreciative of the enthusiasm, long hours and camaraderie which account for the principal reasons behind our industry-leading customer retention levels.

In summary, our results for 2019 are as follows:-

	2019	2018	% change
Turnover	£53,728,342	£49,492,922	+ 8.6%
Gross Profit	£3,973,066	£3,611,442	+ 10%
Profit Before Tax	£2,448,420	£2,156,215	+ 13.6%
Return on Sales	4.56%	4.36%	+ 0.2%
Gearing	Zero	Zero	
New Car Sales Volume	998	1013	- 1.5%
Used Car Sales Volume	1536	1455	+ 5.6%
Service Hours	£35,622	£34,432	+ 3.5%
Service Sales	£1,812,707	£1,805,268	+ 0.4%
Parts Sales	£1,626,432	£1,609,308	+ 1.1%

We welcome the clarity over the Brexit vote and whilst some commercial uncertainty remains for the sector, we look forward to renewed high levels of customer confidence.

Balance Sheet

Our Balance Sheet position continues to strengthen. Net Current Assets position has improved by 38%, principally due to an increase in our cash position by £1.13m.

Total Net Assets have increased by 21% as profits are reinvested in the company.

Principal Risks and Uncertainties

The main risks faced by the company relate to the economic impact of Brexit and the environmental impacts of a move from the internal combustion engine to alternative fuel vehicles. Whilst the December election gave the Conservative Party the mandate to leave the EU, the longer-term effects remain unclear as the UK negotiates a series of trade deals. The imposition of tariffs on vehicles into the UK could significantly increase the list price of vehicles and adversely affect demand. Environmental concerns regarding petrol and diesel cars have led to a new global emissions regime (WLTP). This has forced all manufacturers to review their product ranges to reduce average emissions and to commit to huge investment in developing alternative fuel engines. The Lexus brand's longstanding hybrid offering leaves us well-placed in this respect. Our other Manufacturers continue to pursue the development of electric vehicles which will come on-stream in the near future.

Future Developments

As discussed above, the retail motor industry is entering a period of great change which will have long-term impacts on the current trading model. Electric engine cars will have considerably less moving parts than the internal combustion engine, with resulting effects on service hours and parts sales. We will closely monitor these impacts and strive to adapt our business model accordingly.

We welcome the clarity over the Brexit vote and whilst some commercial uncertainty remains for the sector, we look forward to renewed high levels of customer confidence. January 2020 trading has proved very successful with the perceived pent-up pre-Brexit demand being unleashed !

ON BEHALF OF THE BOARD



Mrs J Oliver
Director

Date: 31 JANUARY 2019

Mitchell North West Limited

REPORT OF THE DIRECTORS

For the year ended 31 December 2019

The Directors present their Report and Financial Statements of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

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

DIVIDENDS

Dividends totaling £18.75 per share were voted during the year on the Ordinary £1 shares. M S Mitchell, A L Mitchell, N G Crowden and J Oliver waived their entitlement to certain dividends during the course of the year.

The total distribution of dividends for the year ended 31 December 2019 is £328,900 (2018 - £374,000).

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 2019, donations totalling £240,170 (2018 - £244,600) 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, in accordance with S414(c) of the Companies Act.

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 and loss account of the company for that period.

In preparing those financial statements, Directors are required to: -

- a. Select suitable accounting policies and then apply them consistently;
- b. Make judgments and estimates that are reasonable and prudent;
- c. Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS

For the year ended 31 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

RSM UK Audit LLP have indicated their willingness to continue in office.

ON BEHALF OF THE BOARD:



Mrs J Oliver - Director

Date: 31 January 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITCHELL NORTH WEST LIMITED

For the year ended 31 December 2019

Opinion on financial statements

Opinion

We have audited the financial statements of Mitchell North West Limited (the 'company') for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows 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 FRS 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 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the 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 in relation to which 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 directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.



Alison Ashley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditors
and Chartered Accountants, One City Place, Queens Road, Chester, CH1 3BQ

31 January 2020

Mitchell North West Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		2019	2018
	Notes	£	£
Turnover	2	53,728,342	49,492,922
Cost of sales		<u>(49,755,276)</u>	<u>(45,881,480)</u>
GROSS PROFIT		3,973,066	3,611,442
Administrative expenses		<u>(1,526,173)</u>	<u>(1,455,197)</u>
OPERATING PROFIT		2,448,913	2,156,245
Interest receivable		2,020	0
Interest payable and similar charges	3	<u>(493)</u>	<u>(30)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,448,420	2,156,215
Taxation	6	<u>(474,448)</u>	<u>(418,231)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,973,972</u>	<u>1,737,984</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,973,972</u>	<u>1,737,984</u>

Mitchell North West Limited

STATEMENT OF FINANCIAL POSITION

At 31 December 2019

Company registration number 2416390

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	3,459,109	3,594,520
CURRENT ASSETS			
Stocks	9	8,907,590	6,492,956
Debtors due within one year	10	1,684,522	1,107,831
Cash at bank and in hand		1,882,560	752,240
		<u>12,474,672</u>	<u>8,353,027</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	<u>(6,044,434)</u>	<u>(3,686,947)</u>
NET CURRENT ASSETS		<u>6,430,238</u>	<u>4,666,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,889,347</u>	<u>8,260,600</u>
Provisions for liabilities	12	(314,681)	(331,006)
NET ASSETS		<u>9,574,666</u>	<u>7,929,594</u>
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Profit and loss account		<u>9,474,666</u>	<u>7,829,594</u>
TOTAL EQUITY		<u>9,574,666</u>	<u>7,929,594</u>

The Financial Statements on pages 8 to 23 were approved by the Board of Directors and authorised for issue on 31 January 2020 and are signed on its behalf by:



Mrs J Oliver
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Notes	Share Capital £	Profit and loss account £	Total £
Balance at 1 January 2018		100,000	6,465,610	6,565,610
Profit and total comprehensive income for the year		-	1,737,984	1,737,984
Transactions with owners in their capacity as owners:-				
Dividends	7		(374,000)	(374,000)
Balance at 31 December 2018		<u>100,000</u>	<u>7,829,594</u>	<u>7,929,594</u>
Profit and total comprehensive income for the year			1,973,972	1,973,972
Transactions with owners in their capacity as owners:-				
Dividends	7		(328,900)	(328,900)
Balance at 31 December 2019		<u>100,000</u>	<u>9,474,666</u>	<u>9,574,666</u>

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 £	2018 £
OPERATING ACTIVITIES			
Cash generated from operations	14	1,965,446	1,002,863
Interest receivable		2,020	0
Interest (paid) reviewed		(493)	(30)
Income taxes paid		(432,737)	(341,974)
NET CASH FROM OPERATING ACTIVITIES		1,534,236	660,859
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(75,863)	(113,063)
Proceeds on disposal of tangible fixed assets		847	252
NET USED IN INVESTING ACTIVITIES		(75,016)	(112,811)
FINANCING ACTIVITIES			
Dividends paid		(328,900)	(374,000)
NET USED IN FINANCING ACTIVITIES		(328,900)	(374,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,130,320	174,048
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14	752,240	578,192
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1,882,560	752,240
Relating to: -			
Bank balances and short term deposits included in cash at bank and in hand		1,882,560	752,240

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

ACCOUNTING POLICIES

GENERAL INFORMATION

Mitchell North West Limited ("the Company") is a private company limited by shares domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Stanney Mill Lane, Cheshire Oaks, Chester CH2 4RG.

The Company's principal activities are franchised motor retailers. The nature of the Company's operations is the sale and maintenance of motor vehicles.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1.

GOING CONCERN

In the opinion of the Directors and having taken into account all relevant factors, the Company continues to operate as a "going concern". We continue to enjoy the support of our Bankers in terms of the provision of an overdraft facility and our relationships with our Motor Manufacturers continue to be strong. In spite of the uncertainties arising "post-Brexit", we are confident in the continuing success of the business.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is the functional currency of the Company

TURNOVER

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Sales of motor vehicles, parts and accessories are recognised at the earlier of full payment or delivery to the customer. Service work is recognised at the completion of the agreed work.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a "straight line" basis over its expected useful life, as follows:-

Land	Nil
Freehold buildings	Over 50 years
Leasehold property	Over the term of the lease
Fixtures, fittings and equipment	Between 3 and 4 years
Computer equipment	3 years
Motor and other	4 years

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the statement of comprehensive income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

STOCKS

Stocks are valued at the lower of cost and estimated selling price, less costs to complete and sell. Cost represents the purchase price of the item, plus any additional costs to bring it to a saleable state.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in the statement of comprehensive income.

Reversals of impairment losses are also recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

CONSIGNMENT STOCK

New vehicle consignment stocks are included in the financial statements which require the substance of the transaction to take precedence over the legal form. Where the terms of consignment stock agreements are such that the stock meets the definition of an asset of the company then it is recognised in the financial statements. The stocks note in the financial statements quantifies the consignment stocks held at the year end.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Mitchell North West Limited ends at the reporting date and employees are not entitled to carry forward unused holiday.

RETIREMENT BENEFITS

Defined contribution plans

For defined contribution schemes the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019.

FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors and other debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the trade debtor over the estimated recoverable amount. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade creditors and other creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the year-end stock provisions.

2. TURNOVER

An analysis of the Company's turnover by class of business is as follows:

	2019 £	2018 £
Sale of Motor Vehicles and Servicing and Parts	53,728,342	49,492,922

All of the Company's turnover is within the United Kingdom

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
Interest arising on; Bank overdrafts	493	30
	<u>493</u>	<u>30</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2019 £	2018 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	210,764	238,274
Stock (note 9):		
- impairment losses / (gains) recognised in cost of sales (See note 1)	(29,373)	(78,316)
(Profit) / loss and on disposal of assets	(337)	(252)

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2019 £	2018 £
Audit services - statutory audit of the company	<u>16,500</u>	<u>14,600</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

5. EMPLOYEES

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2019	2018
Selling and related occupations	92	92
Administration	20	20
Total	112	112

	2019 £	2018 £
Staff costs for the above persons:		
Wages and salaries	3,024,491	2,945,594
Social security costs	293,591	287,854
Pension costs	54,991	60,644
	3,373,073	3,294,092

DIRECTORS

	2019 £	2018 £
In respect of the Directors of Mitchell North West Limited		
Emoluments	51,621	48,433
Company contributions to money purchase pension schemes	27,000	27,000
	78,621	75,433

The number of directors to whom retirement benefits are accruing under money purchase schemes was:

	2	2
--	----------	----------

6. TAXATION

	2019 £	2018 £
Current tax		
UK corporation tax	490,774	432,608
Adjustment in respect of prior year		-
Total current tax	490,774	432,608
Deferred tax		
Origination and reversal of timing differences	(16,326)	(14,377)
Total deferred tax	(16,326)	(14,377)
Total tax charge	474,448	418,231

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

6. **TAXATION** (continued)

Factors affecting the tax charge for the year

The tax assessment for the year is higher than the standard rate of corporation tax in the UK.
The differences are explained below:

	2019 £	2018 £
Company profit on ordinary activities before tax	2,448,420	2,156,215
Company profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 : 19%).	465,200	409,681
Effects of:		
Expenses that are not deductible in determining taxable profit	1,446	2,229
Effect of change in corporation tax rate		-
Other timing differences	7,866	6,361
Profit on sale of fixed assets	(64)	(40)
Adjustment to tax charge in respect of previous year		-
Tax expense	474,448	418,231

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each:		
Final paid - £18.75 (2018:- £19.86)	328,900	374,000
	<u>328,900</u>	<u>374,000</u>

M S Mitchell, A L Mitchell and N G Crowden have waived their entitlement to certain dividends during the course of the year.

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold property £	Fixtures, Fittings & Equipment £	Motor/ other £	Computers £	Total £
Cost						
At 1 January 2019	4,114,183	100,000	1,305,116	49,741	339,465	5,908,505
Additions			75,863			75,863
Disposal			(288,960)			(288,960)
At 31 December 2019	<u>4,114,183</u>	<u>100,000</u>	<u>1,092,019</u>	<u>49,741</u>	<u>339,465</u>	<u>5,695,408</u>
Depreciation						
At 1 January 2018	920,471		1,061,001	8,747	323,766	2,313,985
Provided in year	66,734		139,493	(2,128)	6,665	210,764
Disposals			(288,450)			(288,450)
At 31 December 2019	<u>987,205</u>		<u>912,044</u>	<u>6,619</u>	<u>330,431</u>	<u>2,236,299</u>
Net book value						
31 December 2019	<u>3,126,978</u>	<u>100,000</u>	<u>179,975</u>	<u>43,122</u>	<u>9,034</u>	<u>3,459,109</u>
31 December 2018	<u>3,193,712</u>	<u>100,000</u>	<u>244,115</u>	<u>40,994</u>	<u>15,699</u>	<u>3,594,520</u>

Security against land and buildings

The Company has pledged Land and Buildings, (having a net book value of £3,126,978) to secure all monies due or to become due to Barclays Bank plc by way of a fixed charge. Included in cost of land and buildings is land of £800,000 (2018 - £800,000) which is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

9. STOCKS

	2019 £	2018 £
Stock of goods for resale	8,907,590	6,492,956

The Company holds consignment stock which is legally owned by Lexus (GB) Limited and Škoda 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 2019 is £1,810,266 (2018- £944,824)

10. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,128,595	885,787
Other debtors	380,538	100,005
Prepayments and accrued income	175,389	122,039
	<u>1,684,522</u>	<u>1,107,831</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	3,018,474	1,551,308
Consignment creditors	1,810,266	944,824
Other taxation and social security costs	298,051	372,874
Corporation tax	290,774	232,736
Accruals and deferred income	626,869	585,205
	<u>6,044,434</u>	<u>3,686,947</u>

Debentures dated 26 July 2010 and 14 December 2004 were created by the company for securing all monies due or to 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12. PROVISIONS FOR LIABILITIES

	Deferred Taxation £
1 January 2019	331,006
Utilised in the year/additional provision in year	(16,325)
31 December 2019	<u>314,681</u>

The major deferred tax liabilities and assets recognised by the Company are:

Deferred tax liabilities:	2019 £	2018 £
Accelerated capital allowances	200,905	218,230
Rolled-over gain	112,776	112,776
	<u>313,681</u>	<u>331,006</u>

Deferred tax liability of £18,998 is expected to reverse within 12 months and relocate to accelerated capital allowances

13. SHARE CAPITAL & RESERVES

SHARE CAPITAL

	Ordinary shares of £1 each Number
Allotted, issued and fully paid:	
1 January 2019 and 31 December 2019	<u>100,000</u>

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

RESERVES

Reserves of the Company represent the following:

Retained earnings

Cumulative comprehensive income net of distributions to owners

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

14. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit after tax	1,975,357	1,737,984
Adjustments for:		
Depreciation of tangible fixed assets	210,764	238,274
(Gain)/loss on disposal of tangible fixed assets	(337)	(252)
Interest receivable	(2,020)	0
Interest payable	493	30
Taxation	473,063	418,231
Decrease/(increase) in stock	(2,414,634)	63,485
Decrease/(increase) in trade and other debtors	(576,691)	387,055
Increase/(decrease) in trade and other creditors	2,299,451	(1,841,944)
Cash generated from operations	<u>1,965,446</u>	<u>1,002,863</u>

CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash and cash equivalents represent:-		
Cash at bank	<u>1,882,560</u>	<u>752,240</u>

Changes in net debt has not been presented as this is identical to movement in cash as company has no debt

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

15. RELATED PARTY TRANSACTIONS

Transactions between the Company and its related parties are disclosed below:

	2019	2018
	£	£
Dividends paid to Directors	328,900	374,000

The Directors are the shareholders of Company and total dividends received by them during the year were £328,900 (2018 - £374,000). M S Mitchell, A L Mitchell and N G Crowden waived their entitlement to certain dividends during the course of the year.

The Directors have outstanding loans due to the company included in other debtors at the year end of £180,000 (2018 nil).

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash, with no fixed repayment date.

During the year, the Company also entered into the following transactions with related parties:

The Company made charitable donations of £171,710 during the year (2018- £161,700) to the Zoom Zoom Trust of which M S Mitchell and A L Mitchell are Trustees. A donation of £40,140 (2018 - £37,800) was made to The Captain's Trust of which N G Crowden is a Trustee and £11,150 (2018 - £10,500) was made to the Auxiliarium Trust of which J Oliver is a Trustee.

16. ULTIMATE CONTROLLING PARTY

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