

# **Mitchell North West Limited**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

**Company number 2416390**



**Mitchell North West Limited**

**COMPANY INFORMATION**

**For the year ended 31 December 2018**

---

**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

**Strategic Report**

**For the year ended 31 December 2018**

---

The Directors present their Strategic Report and Financial Statements for the year ended 31 December 2018.

The retail motor industry continues to change and evolve with the introduction of new manufacturing technologies and the application of modern retail methods.

Manufacturers recognise the need for the development of new technologies to comply with increasing Government environmental legislation. They also acknowledge the R and D costs involved in such development. Collaboration between Manufacturers is increasing as witnessed with the announcement of Ford and VW forming an alliance to develop new models and technologies.

We eagerly await the launch of the next two Lexus models in 2019 as our hybrid offering expands within this ever-increasingly popular sector. Skoda will launch the new Scala in the third quarter of 2019. This significant "Golf-style" vehicle has been well received at its launch event in Tel-Aviv. Mazda have announced a shift in emphasis towards the premium sector and the first manifestation of this change is the new Mazda3 which will be launched in May 2019.

All high street retailers are learning to cope with the shift to online shopping and customers researching products online before buying. An effective online presence is a "must" in attracting customers to the showroom. With such a significant purchase, we regard the need for outstanding customer experiences and high quality test drive experiences to continue and develop. The presentation of a vehicle and the forming of a warm and commercial relationship with the customer help to retain margin and will be the differentiator between the successful dealership and those who flounder.

2018 proved to be another successful year both in terms of trading and profitability despite continuing uncertainties in the economy. The overall new car market for all fifty Manufacturers was 6.7% down in volume terms year on year. Our new car volumes reflected this trend. Gross profits for new vehicles were also down slightly on the previous year, the disparity in percentage reductions reflecting the switch to higher value SUV models. Used car volumes were slightly up on the previous year with average margins remaining at a similar level.

Labour sales in our service operations have increased overall. However there has been a mixed performance across the brands we represent. Skoda labour sales increased by 12% reflecting the increased vehicle parc across our market territory as the Brand continues to grow. Lexus labour sales on the other hand decreased by 10%, pleasingly and mainly attributable to a reduction in warranty recalls. Mazda labour sales have increased by 8%, conversely by an increase in warranty work. Parts Department sales have fared correspondingly.

Our main Key Performance Indicators continue to be Return on Sales and Staff Turnover. Our 2018 ROS stands at 4.36%, an improvement on 4.19% in 2017. The industry average is 0.97% rolling 12 months per Automotive Solutions Europe's November 2018 data. Our staff turnover rate was unusual this year at 9% (2017 4%) - affected by the retirement of two longstanding employees - versus an industry average of around 40%. Those familiar faces which our repeat customers enjoy are still with us ! In fact, 71 of our 112 staff have now achieved 10 years plus with the Mitchell Family !

The continued success of the business is reflected in the improvement in our balance sheet. Net current assets have improved by £1.47m, along with an improved cash balance. Our considered response to the risks faced by the Company are well-rehearsed in terms of the unknowns of Brexit and changes in automotive technology.

We are grateful to be successful in challenging times

ON BEHALF OF THE BOARD



Mrs J Oliver  
Director

Date: 30/01/19

**REPORT OF THE DIRECTORS**

**For the year ended 31 December 2018**

---

The Directors present their report and Financial Statements of the company for the year ended 31 December 2018.

**PRINCIPAL ACTIVITY**

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

**DIVIDENDS**

Dividends totalling £19.86 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 2018 is £374,000 (2017 - £315,000).

**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 2018, donations totaling £224,600 (2017 - £244,048) 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 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 2018**

---

**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 has indicated their willingness to continue in office

**ON BEHALF OF THE BOARD:**



Mrs J Oliver - Director

Date: 30 January 2019

## Opinion on financial statements

We have audited the financial statements of Mitchell North West Limited (the 'company') for the year ended 31 December 2018 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 2018 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.

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

**For the year ended 31 December 2018**

---

**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 3 and 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.

*RSM UK Audit LLP*

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

30 JANUARY 2019

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2018**

		2018	2017
	Notes	£	£
Turnover	2	49,492,922	48,235,622
Cost of sales		<u>(45,881,480)</u>	<u>(44,825,840)</u>
GROSS PROFIT		3,611,442	3,409,782
Administrative expenses		<u>(1,455,197)</u>	<u>(1,385,598)</u>
OPERATING PROFIT		2,156,245	2,024,184
Interest payable and similar charges	3	<u>(30)</u>	<u>(517)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,156,215	2,023,667
Taxation	6	<u>(418,231)</u>	<u>(308,414)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,737,984</u>	<u>1,715,253</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,737,984</u>	<u>1,715,253</u>



**STATEMENT OF FINANCIAL POSITION**

**At 31 December 2018**

		Company registration number 2416390	
	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	8	3,594,520	3,719,731
<b>CURRENT ASSETS</b>			
Stocks	9	6,492,956	6,556,441
Debtors due within one year	10	1,107,831	1,494,886
Cash at bank and in hand		752,240	578,192
		<u>8,353,027</u>	<u>8,629,519</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	11	(3,686,947)	(5,438,256)
<b>NET CURRENT ASSETS</b>		<u>4,666,080</u>	<u>3,191,263</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,260,600</u>	<u>6,910,994</u>
Provisions for liabilities	12	(331,006)	(345,384)
<b>NET ASSETS</b>		<u><u>7,929,594</u></u>	<u><u>6,565,610</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100,000	100,000
Profit and loss account		<u>7,829,594</u>	<u>6,465,610</u>
<b>TOTAL EQUITY</b>		<u><u>7,929,594</u></u>	<u><u>6,565,610</u></u>

The Financial Statements on pages 7 to 22 were approved by the Board of Directors and authorised for issue on 30 January 2019 and are signed on its behalf by:



J Oliver  
Director

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2018**

	Notes	Share Capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2017</b>		100,000	5,065,357	5,165,357
Profit and total comprehensive income for the year		-	1,715,253	1,715,253
Transactions with owners in their capacity as owners:-				
Dividends	7		(315,000)	(315,000)
<b>Balance at 31 December 2017</b>		<u>100,000</u>	<u>6,465,610</u>	<u>6,565,610</u>
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)
<b>Balance at 31 December 2018</b>		<u>100,000</u>	<u>7,829,594</u>	<u>7,929,594</u>

**STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2018**

	Notes	2018 £	2017 £
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	14	1,002,863	3,021,011
Interest paid		(30)	(517)
Income taxes paid		(341,974)	(865,618)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>660,859</b>	<b>2,154,876</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(113,063)	(186,857)
Proceeds on disposal of tangible fixed assets		252	213
<b>NET USED IN INVESTING ACTIVITIES</b>		<b>(112,811)</b>	<b>(186,644)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(374,000)	(1,825,000)
<b>NET USED IN FINANCING ACTIVITIES</b>		<b>(374,000)</b>	<b>(1,825,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>174,048</b>	<b>143,232</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	14	<b>578,192</b>	<b>434,960</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>752,240</b>	<b>578,192</b>
Relating to: -			
Bank balances and short term deposits included in cash at bank and in hand		752,240	578,192

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

---

**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 2018**

---

**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 2018**

---

**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 2018

---

### 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*

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*

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.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**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:

	2018 £	2017 £
Sale of Motor Vehicles and Servicing and Parts	49,492,922	48,235,622
All of the Company's turnover is within the United Kingdom		

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	2018 £	2017 £
Interest arising on;		
Bank loans and overdrafts	30	517
	<u>30</u>	<u>517</u>

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2018 £	2017 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	238,274	204,584
Stock (note 9):		
- amounts expensed to cost of sales	45,959,796	44,685,880
- impairment losses / (gains) recognised in cost of sales (See note 1)	(78,316)	139,960
	<u></u>	<u></u>

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

	2018 £	2017 £
Audit services - statutory audit of the company	14,600	14,060



**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**5. EMPLOYEES**

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

	2018	2017
Selling and related occupations	92	91
Administration	20	21
<b>Total</b>	<b>112</b>	<b>112</b>

	2018 £	2017 £
Staff costs for the above persons:		
Wages and salaries	2,945,594	2,881,399
Social security costs	287,854	287,337
Pension costs	60,644	19,189
	<b>3,294,092</b>	<b>3,187,925</b>

**DIRECTORS**

	2018 £	2017 £
In respect of the Directors of Mitchell North West Limited		
Emoluments	48,433	46,813
Company contributions to money purchase pension schemes	27,000	2,000
	<b>75,433</b>	<b>48,813</b>
The number of directors to whom retirement benefits are accruing under money purchase schemes was:	<b>2</b>	<b>1</b>

**6. TAXATION**

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax	432,608	392,102
Adjustment in respect of prior year	-	(20,314)
<b>Total current tax</b>	<b>432,608</b>	<b>371,788</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14,377)	(63,374)
<b>Total deferred tax</b>	<b>(14,377)</b>	<b>(63,374)</b>
<b>Total tax charge</b>	<b>418,231</b>	<b>308,414</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

---

**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:

	2018 £	2017 £
Company profit on ordinary activities before tax	2,156,215	2,023,667
Company profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 : 19%).	409,681	384,496
Effects of:		
Expenses that are not deductible in determining taxable profit	2,229	3,537
Effect of change in corporation tax rate	-	(35,678)
Other timing differences	6,361	(23,586)
Profit on sale of fixed assets	(40)	(41)
Adjustment to tax charge in respect of previous year	-	(20,314)
<b>Tax expense</b>	<b>418,231</b>	<b>308,414</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

## 7. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each:		
Final paid - £19.86 (2017:- £10.75)	374,000	315,000
	<u>374,000</u>	<u>315,000</u>

M S Mitchell, A L Mitchell, N G Crowden and Julie Oliver 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 £
<b>Cost</b>						
At 1 January 2018	4,114,183	100,000	1,247,116	10,901	326,987	5,799,187
Additions	-	-	58,000	42,585	12,478	113,063
Disposal	-	-	-	(3,745)	-	(3,745)
<b>At 31 December 2018</b>	<b>4,114,183</b>	<b>100,000</b>	<b>1,305,116</b>	<b>49,741</b>	<b>339,465</b>	<b>5,908,505</b>
<b>Depreciation</b>						
At 1 January 2018	853,737	-	898,711	7,786	319,222	2,079,456
Provided in year	66,734	-	162,290	4,706	4,544	238,274
Disposal	-	-	-	(3,745)	-	(3,745)
<b>At 31 December 2018</b>	<b>920,471</b>		<b>1,061,001</b>	<b>8,747</b>	<b>323,766</b>	<b>2,313,985</b>
<b>Net book value</b>						
<b>31 December 2018</b>	<b>3,193,712</b>	<b>100,000</b>	<b>244,115</b>	<b>40,994</b>	<b>15,699</b>	<b>3,594,520</b>
<b>31 December 2017</b>	<b>3,260,446</b>	<b>100,000</b>	<b>348,405</b>	<b>3,115</b>	<b>7,765</b>	<b>3,719,731</b>

*Security against land and buildings*

The Company has pledged Land and Buildings, having a net book value of £3,193,712 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 (2017 - £800,000) which is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

9. STOCKS

	2018 £	2017 £
Stock of goods for resale	6,492,956	6,556,441

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 2018 is £944,824 (2017- £1,300,879)

10. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	885,787	1,133,033
Other debtors	100,005	143,078
Prepayments and accrued income	122,039	218,775
	<u>1,107,831</u>	<u>1,494,886</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	1,551,308	3,067,480
Consignment creditors	944,824	1,300,879
Other taxation and social security costs	372,874	382,817
Corporation tax	232,736	142,103
Accruals and deferred income	585,205	544,977
	<u>3,686,947</u>	<u>5,438,256</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 2018

12. PROVISIONS FOR LIABILITIES

	Deferred Taxation £
1 January 2018	345,384
Utilised in the year/additional provision in year	(14,378)
31 December 2018	<u>331,006</u>

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

Deferred tax liabilities:	2018 £	2017 £
Accelerated capital allowances	218,230	232,608
Rolled over gain	112,776	112,776
	<u>331,006</u>	<u>345,384</u>

13. SHARE CAPITAL & RESERVES

SHARE CAPITAL

	Ordinary shares of £1 each
	Number
Allotted, issued and fully paid:	
1 January 2018 and 31 December 2018	<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 2018

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

	2018	2017
	£	£
Profit after tax	1,737,984	1,715,253
Adjustments for:		
Depreciation of tangible fixed assets	238,274	204,584
(Gain)/loss on disposal of tangible fixed assets	(252)	(213)
Interest payable	30	517
Taxation	418,231	308,414
Decrease/(increase) in stock	63,485	(531,383)
Decrease/(increase) in trade and other debtors	387,055	602,427
Increase/(decrease) in trade and other creditors	(1,841,944)	721,412
Cash generated from operations	<u>1,002,863</u>	<u>3,021,011</u>

CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash and cash equivalents represent:-		
Cash at bank	<u>752,240</u>	<u>578,192</u>

15. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
<b>Carry amount of financial assets</b>		
Debt instruments measured at amortised costs	<u>985,792</u>	<u>1,276,111</u>
 <b>Carrying amount of financial liabilities</b>		
Measured at amortised costs	<u>3,081,337</u>	<u>4,913,336</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

---

### 16. RELATED PARTY TRANSACTIONS

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

	2018	2017
	£	£
Dividends paid to Directors	<u>374,000</u>	<u>315,000</u>

The Directors are the shareholders of Company and total dividends received by them during the year were £374,000 (2017 - £315,000). 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 Directors have outstanding loans to the company at the year end of nil (2017 nil).

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

The Company made charitable donations of £161,700 during the year (2017- £174,036) to the ZoomZoom Trust of which M S Mitchell and A L Mitchell are Trustees. A donation of £37,800 (2017 - £40,683) was made to The Captain's Trust of which N G Crowden is a Trustee and £10,500 (2017 - £11,300) was made to the Auxiliarum Trust of which J Oliver is a Trustee.

### 17. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the Directors who are considered to be the key management personnel of the Company, was £75,433 (2017: £48,813).

### 18. ULTIMATE CONTROLLING PARTY

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