

Company Registration Number 02416390 (England and Wales)

**MITCHELL NORTH WEST LIMITED**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

# MITCHELL NORTH WEST LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M S Mitchell DL Mrs A L Mitchell Mr N G Crowden
<b>Company number</b>	02416390
<b>Registered office</b>	Stanney Mill Lane Cheshire Oaks Chester CH2 4RG
<b>Auditor</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT

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# MITCHELL NORTH WEST LIMITED

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# MITCHELL NORTH WEST LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2023

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The Directors present the Strategic Report for the year ended 31 December 2023.

#### Review of the business

COVID seems to have been a long time ago and in particular, the severe restrictions in place limiting our ability to meet face to face with customers. In the main, the long lead times of restricted new vehicle supply have lifted and 2023 was the year when many longstanding and overdue customer orders were fulfilled and delivered. This said, the relatively short-lived "run" on consumer confidence was rocked by rising interest rates with August marking an increase to 5.25%. Used car valuations were impacted adversely in the final quarter of the year.

Our Manufacturer Partners together with all others pushed the market and the new car market ended the year at 1.9 million registrations, an improvement of almost 18% on 2022. Nearly all this growth was fuelled by Fleet and Motability sales, whilst Retail sales remained constant. Much of the increase in our turnover is accounted for by Motability sales, though the prices of both new and used cars have undoubtedly been an additional contributor.

Care of our customers and colleagues, together with a consistently sharp focus on expense control, have been the primary reasons for continued financial success.

We are pleased to report a profit before taxation of £2,980,527 after our charitable and community giving.

In summary, our Results for 2023 are as follows:-

	2023	2022	% change
Turnover	£71,652,321	£53,568,083	+33.7%
Gross Profit	£4,797,817	£4,346,892	+10.4%
Profit before Tax	£2,980,527	£2,586,940	+15.2%
Return on Sales	4.16%	4.80%	-0.7%
Gearing	Zero	Zero	
New Car Sales Volume	1,041	781	+33%
Used Car Sales Volume	1,335	1,202	+11%
Service Hours	35,152	32,203	+9%

#### Balance Sheet

Our Net Current Assets position has increased by 23%

Stocks have increased by 31%

Total Net Assets have increased by 15%

# MITCHELL NORTH WEST LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### Culture

As ever, we are totally committed to the professional and pastoral well-being of our three teams and are pleased to report that our colleague turnover for the year continues to remain low against industry average at just 11%. This is a bit higher than normal due to some people retiring during the year. Despite this increase in colleague turnover, the overall number of colleagues has remained constant during the year with some successful and pleasing appointments being made. We remain deeply appreciative of the enthusiasm, long hours and camaraderie all of which account for the principal reasons behind our industry-leading colleague and customer retention levels. The offer of complimentary holiday for each colleague each year in our luxury holiday lodge in Snowdonia together with half day summer and winter holidays for children's sports days and nativity plays are invariably well received.

### Principal Risks and Uncertainties

The retail motor industry is alarmingly cyclical with new car registrations varying by over one million sales over the past twenty years (2003: 2.68 million, 2023: 1.61 million) Pleasingly much of our business is driven by nearly new cars and our used car business makes up almost 65% of our volume throughput.

The previously announced ban on the sale of ICE (Internal Combustion Engine) vehicles has been moved back from 2030 to 2035 by the UK Government. Whilst this provides for some respite from the distant pressure in the medium term, the Government has not changed its stance on mandating that 22% of all new vehicles in 2024 must be fully electric. At the time of writing, this ratio does not reflect natural customer demand rates. The challenge of this seismic shift across the entire motor industry should not be underestimated.

Recent increases in Bank of England interest rates to the highest in almost a generation present real concerns for motor retailers. A correspondingly sharp increase in motor finance rates presents real challenges for customers both "cash purchasers" with savings and those on motor finance plans. Thankfully, the majority of our customer base - distinctively shaped by the choice of our three brands – remain in the "cash purchase" bracket and the impact for us will be considerably less than for other brands.

### Tax

The Company believes in transparency over tax disclosures and is proud with the amount it pays.

We are committed to: -

- Pay all the tax we owe
- Pay the right amount at the right rate at the right time
- Not to undertake business that would need to be reported to HMRC under the Disclosure of Tax Avoidance Scheme regulations

During the year, the Company collected and has paid the following tax: -

VAT	£890,512
Business Rates	£161,310
Corporation Tax	£705,418
PAYE and National Insurance Contributions	£1,232,879
<b>Total</b>	<b>£2,990,119</b>

# **MITCHELL NORTH WEST LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2023***

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### **Going Concern Review**

We have undertaken a review of our cash position going forward through to 2024. The year-end position shows a strong position with £3,205,489 in hand. Budgets have been prepared in line with our Manufacturer Partners' expectations which show our cash balances remaining in an extraordinarily strong position.

### **Future Developments**

As previously indicated, the retail motor industry model continues to change apace. We remain grateful for the special relationships which we enjoy with the teams at all levels at our Manufacturer Partners. The coming year marks our "Silver Anniversary" with Lexus UK, 23 years with Skoda UK and 22 years with Mazda Motors UK. These lengthy "automotive marriages" make for significant foundations and outstanding working relationships and continue to provide confidence across our entire business for the medium term.

We have no plans to grow the size of the business in terms of locations or indeed headcount but seek to continue to improve every operational aspect of all that we do.

On behalf of the Board

Mr M S Mitchell DL  
**Director**

1 March 2024

# MITCHELL NORTH WEST LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2023

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The Directors present the annual report and Financial Statements for the year ended 31 December 2023.

#### Principal activities

The principal activity of the Company continued to be that of franchised motor retailers.

#### Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £608,506 (2022 - £573,146). The Directors do not recommend payment of a further dividend.

#### Directors

The Directors who held office during the year and up to the date of signature of the Financial Statements, were as follows:

Mr M S Mitchell DL  
Mrs A L Mitchell  
Mr N G Crowden

#### Charitable donations

During the year ended 31 December 2023, donations totaling £243,352 (2022 - £8,570) were made to charitable organisations. We continue to support projects locally, nationally and overseas which have captured our imagination as worthwhile initiatives.

#### Auditor

UHY Hacker Young Manchester LLP were appointed as auditor to the Company and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of Directors' responsibilities

The Directors responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

**MITCHELL NORTH WEST LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2023***

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On behalf of the Board

Mr M S Mitchell DL  
**Director**

1 March 2024



# MITCHELL NORTH WEST LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MITCHELL NORTH WEST LIMITED

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#### Opinion

We have audited the Financial Statements of Mitchell North West Limited (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard *applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 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

In auditing the Financial Statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. 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 our 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.

# MITCHELL NORTH WEST LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MITCHELL NORTH WEST LIMITED

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#### **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 or 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;
- the Financial Statements are not in agreement with the accounting records and returns;
- certain disclosures of Directors' remuneration specified by law are not made;
- 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, 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.

#### **Extent to which the audit was considered capable of detecting irregularities including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance,
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

## **MITCHELL NORTH WEST LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF MITCHELL NORTH WEST LIMITED**

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As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of used vehicle stocks and recognition of supplier incentives. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management and those charged with governance concerning actual and potential litigation claims;
- in addressing the risk of fraud through inappropriate valuation of used vehicle inventory, assessing net realisable value of stock items sold after the year end was above cost or assessing their value with reference to third party data sources if unsold.
- in addressing the risk of fraud through inappropriate recording of supplier incentives, ensuring amounts recorded as due were then subsequently acknowledged as such by the supplier;
- in assessing the risk of fraud through management override of controls, testing the appropriateness of journal entries and assessing whether judgements made in making accounting estimates are indicative of potential bias.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We also obtained an understanding of the legal and regulatory frameworks the Company operates in, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's FCA regulatory requirements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

**Paul Daly BEng FCA**  
**Senior Statutory Auditor**  
**For and on behalf of UHY Hacker Young Manchester LLP**

1 March 2024

**Chartered Accountants**  
**Statutory Auditor**

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

## MITCHELL NORTH WEST LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	71,652,231	53,568,083
Cost of sales		(66,854,414)	(49,221,191)
<b>Gross profit</b>		<b>4,797,817</b>	<b>4,346,892</b>
Administrative expenses		(1,894,601)	(1,774,722)
<b>Operating profit</b>	4	<b>2,903,216</b>	<b>2,572,170</b>
Interest receivable and similar income	7	85,855	14,770
Interest payable and similar expenses	8	(8,544)	-
<b>Profit before taxation</b>		<b>2,980,527</b>	<b>2,586,940</b>
Tax on profit	9	(712,983)	(484,722)
<b>Profit for the financial year</b>		<b>2,267,544</b>	<b>2,102,218</b>

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

# MITCHELL NORTH WEST LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		3,659,164		3,682,608
<b>Current assets</b>					
Stocks	12	9,207,662		7,036,408	
Debtors	13	2,265,390		1,233,091	
Cash at bank and in hand		3,205,489		3,143,454	
		14,678,541		11,412,953	
<b>Creditors: amounts falling due within one year</b>	14	(5,498,719)		(3,923,178)	
<b>Net current assets</b>			9,179,822		7,489,775
<b>Total assets less current liabilities</b>			12,838,986		11,172,383
<b>Provisions for liabilities</b>					
Deferred tax liability	15	399,565		392,000	
			(399,565)		(392,000)
<b>Net assets</b>			12,439,421		10,780,383
<b>Capital and reserves</b>					
Called up share capital	17		95,000		95,000
Capital redemption reserve	18		5,000		5,000
Profit and loss reserves	19		12,339,421		10,680,383
<b>Total equity</b>			12,439,421		10,780,383

These Financial Statements have been prepared in accordance with the provisions relating to medium-sized companies.

The Financial Statements were approved by the Board of Directors and authorised for issue on 1 March 2024 and are signed on its behalf by:

Mr M S Mitchell DL  
Director

Company Registration Number 02416390 (England and Wales)

# MITCHELL NORTH WEST LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 1 January 2022</b>		95,000	5,000	9,151,311	9,251,311
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income		-	-	2,102,218	2,102,218
Dividends	10	-	-	(573,146)	(573,146)
<b>Balance at 31 December 2022</b>		95,000	5,000	10,680,383	10,780,383
<b>Year ended 31 December 2023:</b>					
Profit and total comprehensive income		-	-	2,267,544	2,267,544
Dividends	10	-	-	(608,506)	(608,506)
<b>Balance at 31 December 2023</b>		95,000	5,000	12,339,421	12,439,421

# MITCHELL NORTH WEST LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	1,784,069		1,333,535	
Interest paid		(8,544)		-	
Income taxes paid		(486,955)		(587,565)	
<b>Net cash inflow from operating activities</b>		<u>1,288,570</u>		<u>745,970</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(106,020)		(74,888)	
Proceeds from disposal of tangible fixed assets		2,136		55,666	
Directors' loan		(600,000)		-	
Interest received		<u>85,855</u>		<u>14,770</u>	
<b>Net cash used in investing activities</b>		<u>(618,029)</u>		<u>(4,452)</u>	
<b>Financing activities</b>					
Dividends paid		<u>(608,506)</u>		<u>(573,146)</u>	
<b>Net cash used in financing activities</b>		<u>(608,506)</u>		<u>(573,146)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>62,035</u>		<u>168,372</u>	
Cash and cash equivalents at beginning of year		<u>3,143,454</u>		<u>2,975,082</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>3,205,489</u></u>		<u><u>3,143,454</u></u>	

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### **1 Accounting policies**

#### **Company information**

Mitchell North West Limited is a private Company limited by shares incorporated in England and Wales. The registered office is Stanney Mill Lane, Cheshire Oaks, Chester CH2 4RG.

#### **1.1 Accounting convention**

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.

The Financial Statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The Financial Statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the Financial Statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors to adopt the going concern basis of accounting in preparing the Financial Statements.

#### **1.3 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over 50 years (land not depreciated)
Leasehold land and buildings	Over the term of the lease
Fixtures and fittings	Between 4 and 5 years
Computers	Between 3 and 4 years
Motor vehicles	4 years



# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 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.

#### 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.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in Current Liabilities.

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the Financial Statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified 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.

##### **Basic financial liabilities**

Basic financial liabilities, including 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.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies

(Continued)

#### 1.9 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

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.

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the Financial Statements.

#### Consignment stock

Certain vehicles held on consignment have been included in stocks on the basis that the Company has determined that it holds the significant risks and rewards attached to those vehicles.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including CAP valuation guides. The Directors maintain oversight of ageing stock profiles and a monthly review of any provision required is completed.

#### Useful lives of property, plant and equipment

The annual depreciation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See the Accounting Policies note for the useful economic lives for each class of assets.

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	69,062,161	50,815,394
Rendering of services	2,547,099	2,731,785
Agency sales	42,971	20,904
	<u>71,652,231</u>	<u>53,568,083</u>
	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	<u>85,855</u>	<u>14,770</u>

All turnover arose within the United Kingdom.

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the Company's Financial Statements	25,495	25,000
Depreciation of owned tangible fixed assets	129,216	118,396
Profit on disposal of tangible fixed assets	(1,888)	(6,386)

### 5 Employees

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

	2023	2022
	Number	Number
Selling and related occupations	93	85
Administration	9	19
Total	102	104

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,188,380	3,276,247
Social security costs	395,879	349,509
Pension costs	322,137	460,901
	3,906,396	4,086,657

### 6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	4,915	10,721
Company pension contributions to defined contribution schemes	148,050	395,200
	152,965	405,921

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

As total Directors remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

The highest paid Director in 2022 received £166,634.

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 7 Interest receivable and similar income

	2023	2022
	£	£
<b>Interest income</b>		
Interest on bank deposits	85,855	14,770

	2023	2022
	£	£
Investment income includes the following:		
Interest on financial assets is not measured at fair value through profit and loss	85,855	14,770

### 8 Interest payable and similar expenses

	2023	2022
	£	£
<b>Other finance costs:</b>		
Other interest	8,544	-

### 9 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	705,418	495,460
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,565	(10,738)
<b>Total tax charge</b>	<b>712,983</b>	<b>484,722</b>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	2,980,527	2,586,940
Expected tax charge based on the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	700,424	491,519
Tax effect of expenses that are not deductible in determining taxable profit	247	323
Adjustments in respect of prior years	7,565	22,305
Other timing differences - Capital Allowances	4,303	(30,638)
Profit on sale of fixed assets	444	1,213
<b>Taxation charge for the year</b>	<b>712,983</b>	<b>484,722</b>

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 10 Dividends

	2023 £	2022 £
Final paid	608,506	573,146

### 11 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2023	4,631,487	100,000	1,216,444	126,160	49,741	6,123,832
Additions	-	-	106,020	-	-	106,020
Disposals	-	-	(5,857)	-	-	(5,857)
At 31 December 2023	4,631,487	100,000	1,316,607	126,160	49,741	6,223,995
<b>Depreciation and impairment</b>						
At 1 January 2023	1,187,407	-	1,131,103	115,558	7,156	2,441,224
Depreciation charged in the year	66,734	-	59,829	2,653	-	129,216
Eliminated in respect of disposals	-	-	(5,609)	-	-	(5,609)
At 31 December 2023	1,254,141	-	1,185,323	118,211	7,156	2,564,831
<b>Carrying amount</b>						
At 31 December 2023	3,377,346	100,000	131,284	7,949	42,585	3,659,164
At 31 December 2022	3,444,080	100,000	85,341	10,602	42,585	3,682,608

#### Security against land and buildings

The Company has pledged Land and Buildings (having a net book value of £3,377,346), 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 £1,317,304 (2022 - £1,317,304) which is not depreciated.

### 12 Stocks

	2023 £	2022 £
Finished goods and goods for resale	9,207,662	7,036,408

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 2023 is £2,038,001 (2022 - £581,545)

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 13 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,530,991	890,140
Other debtors	599,331	205,111
Prepayments and accrued income	135,068	137,840
	<u>2,265,390</u>	<u>1,233,091</u>

### 14 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	4,692,001	2,905,376
Corporation tax	205,418	(13,045)
Other taxation and social security	227,791	351,010
Other creditors	27,266	-
Accruals and deferred income	346,243	679,837
	<u>5,498,719</u>	<u>3,923,178</u>

Debentures dated 14 December 2004 and 26 July 2010 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.

### 15 Deferred taxation

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

	Liabilities 2023	Liabilities 2022
	£	£
<b>Balances:</b>		
Accelerated capital allowances	233,717	226,000
Rolled-over gain	165,848	166,000
	<u>399,565</u>	<u>392,000</u>
		<b>2023</b>
<b>Movements in the year:</b>		<b>£</b>
Liability at 1 January 2023		392,000
Charge to profit or loss		7,565
		<u>399,565</u>
Liability at 31 December 2023		<u>399,565</u>



# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 16 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	322,137	460,901

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

### 17 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	95,000	95,000	95,000	95,000

#### 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.

### 18 Capital redemption reserve

Nominal value of redeemed share capital.

### 19 Profit and loss reserves

This reserve includes all current and prior period retained profits and losses, less dividends.

### 21 Directors' transactions

The Directors are the shareholders of Company and total dividends received by them during the year were £608,506 (2022 - £573,146). M S Mitchell DL and A L Mitchell waived their entitlement to certain dividends during the course of the year.

In the period an amount of £600,000 was advanced to M S Mitchell DL. It is intended for this amount to be repaid before 30 April 2024.

The Company made sales to related parties of £85,195 (2022 - £74,610) during the year.

### 22 Ultimate controlling party

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

# MITCHELL NORTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 23 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	2,267,544	2,102,218
<b>Adjustments for:</b>		
Taxation charged	712,983	484,722
Finance costs	8,544	-
Investment income	(85,855)	(14,770)
Gain on disposal of tangible fixed assets	(1,888)	(6,386)
Depreciation and impairment of tangible fixed assets	129,216	118,396
<b>Movements in working capital:</b>		
Increase in stocks	(2,171,254)	(1,575,164)
Increase in debtors	(432,299)	(203,462)
Increase in creditors	1,357,078	427,981
<b>Cash generated from operations</b>	<b>1,784,069</b>	<b>1,333,535</b>

### 24 Analysis of changes in net funds

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	3,143,454	62,035	3,205,489

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