Registration number: 03716517

MEARS

Mears Home Improvement Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

Mears Home Improvement Limited

Contents

Mears Home Improvement Limited

Company Information

Directors	A M Long B R Westran Mears Group PLC
Company secretary	B R Westran
Registered office	1390 Montpellier Court Gloucester Business Park Brockworth Gloucester GL3 4AH
Solicitors	Travers Smith 10 Snow Hill London EC1A 2AL
Bankers	Barclays Bank PLC Corporate Banking 4th Floor Bridgwater House Counterslip, Finzels Reach Bristol BS1 6BH

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the unaudited financial statements for the year ended 31 December 2021.

Throughout the report and financial statements, the term "Company" is used to refer to Mears Home Improvement Limited and "Group" is used to refer to Mears Group PLC and its subsidiaries.

Directors' of the company

The directors, who held office during the year and up to the date of approval of these financial statements, were as follows:

A M Long

B R Westran

Mears Group PLC

Principal activity

The principal activity of the Company is that of a home improvement agency.

Going concern

The Company reported a profit for the period of £186,548 (2020: £124,121). The balance sheet shows net assets of £857,314 (2020: net assets of £670,766).

The principal risks and uncertainties of the Company are managed at a Group level. However, the Company itself has a positive balance sheet and the Directors believe that the Company will be in a position to settle its debts as they fall due. The Board believes that the Company has adequate resources to continue in operational existence until at least 31 August 2023.

On this basis, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Directors' liabilities

Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their position in office. However, the indemnity does not cover Directors or officers in the event of being proven of acting dishonestly or fraudulently.

Approved by the Board on 25 August 2022 and signed on its behalf by:

....

B R Westran

Director

Mears Home Improvement Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Revenue	4	669,606	706,904
Cost of sales		(106,819)	(92,683)
Gross profit		562,787	614,221
Administrative expenses		(392,009)	(501,203)
Other operating income	5	-	5,175
Operating profit	6	170,778	118,193
Interest receivable from group undertakings		16,078	6,035
Interest payable and similar charges	7	-	(107)
Profit before tax		186,856	124,121
Tax on profit on ordinary activities	9	-	-
Profit for the year		186,856	124,121

The results above are in respect of continuing operations.

Mears Home Improvement Limited

(Registration number: 03716517)
Balance Sheet as at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Fixed assets			
Tangible assets	11	8,703	12,730
Current assets			
Current debtors	12	86,599	72,412
Debtors due after more than one year	12	739,382	571,622
Cash at bank and in hand		51,607	51,855
		877,588	695,889
Creditors: Amounts falling due within one year			
Trade and other payables	13	(28,669)	(37,853)
Net current assets		848,919	658,036
Net assets		857,622	670,766
Capital and reserves			
Called up share capital	14	81	81
Profit and loss account		857,541	670,685
Shareholders' funds		857,622	670,766

For the financial year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

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

Approved by the Board on 25 August 2022 and signed on its behalf by:

....

B R Westran
Director

The notes on pages 6 to 16 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Retained earnings £	Total £
At 1 January 2020	81	546,564	546,645
Profit for the year	-	124,121	124,121
Total comprehensive income	-	124,121	124,121
At 31 December 2020	81	670,685	670,766

	Share capital £	Retained earnings £	Total £
At 1 January 2021	81	670,685	670,766
Profit for the year	-	186,856	186,856
Total comprehensive income	-	186,856	186,856
At 31 December 2021	81	857,541	857,622

The notes on pages 6 to 16 form an integral part of these financial statements.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

The financial statements present the results and financial position of Mears Home Improvement Limited ("the Company") for the year ended 31 December 2021.

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:
1390 Montpellier Court
Gloucester Business Park
Brockworth
Gloucester
GL3 4AH

These financial statements were authorised for issue by the Board on 25 August 2022.

2 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with applicable accounting standards, including FRS 101, and with the Companies Act 2006. The functional currency of the Company is Sterling (£), which is also the currency in which the financial statements are presented, rounded to the nearest pound.

The Company has taken advantage of the reduced disclosures for subsidiaries provided for in FRS 101 and the specific exemptions that the Company has taken advantage of are set out in 'Summary of disclosure exemptions', as the Company is a member of a group where the parent of that group prepares publicly available financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.

Going concern

On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

The principal risks and uncertainties of the Company are managed at a Group level. However, the Company itself has a positive balance sheet and the Directors believe that the Company will be in a position to settle its debts as they fall due. The Board believes that the Company has adequate resources to continue in operational existence until at least 31 August 2023.

On this basis, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of IFRS 2 Share-based Payments;
b) The requirements of IFRS 3 Business Combinations;
c) The requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
d) The requirements of IFRS 7 Financial Instruments: Disclosures;
e) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
f) The requirements of IFRS 15 Revenue from Contracts with Customers;
g) The requirements of IFRS 16 Leases;
h) The requirements of paragraph 58 of IFRS 16;
i) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
(iii) paragraph 118(e) of IAS 38 Intangible Assets;
j) The requirements of paragraph 10(d) and 134 to 136 of IAS 1 Presentation of Financial Statements;
k) The requirements of IAS 7 Statement of Cash Flows;
l) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
m) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
n) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
o) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
p) The requirements of paragraph 5(c) of the FRS 101 Reduced Disclosure Framework.

2 *Accounting policies (continued)*

Revenue

Revenue is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 provides a single, principles-based, five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction assets. The detail below sets out the principal types of contract and how the revenue is recognised in accordance with IFRS 15.

Repair and maintenance contracts

For contracts in this category, the customer raises orders on demand, for example to carry out responsive repairs. Revenue is derived from a mixture of lump-sum periodic payments and task-based payments depending on the terms of the individual contract.

Where a lump sum payment is in place it may cover the administrative element of the contract or may cover the majority of the tasks undertaken within that contract with exclusions to this being charged in addition to the lump-sum charge. For the works covered by the lump-sum payment, the performance obligation is being available to deliver the goods and services in the scope of the contract, not the performance of the individual works orders themselves. Revenue is recognised on a straight-line basis as performance obligations are being met over time.

For works orders not covered by a lump-sum payment, each works order represents a distinct performance obligation and, as the customer controls the asset being enhanced through the works, the performance obligation is satisfied over time. Each works order can be broken down into one or more distinct tasks which are either complete or not complete. The stage of completion of the works order is assessed by looking at which tasks are complete. The transaction price for partly completed works orders is recognised as cost plus expected margin. The transaction price for completed works orders is the invoice value, which is typically determined by a pricing schedule referred to as a Schedules of Rates that provides a transaction price for each particular task.

Some contracts may include an element of variable revenue based on certain Key Performance Indicators ('KPIs'). These are recognised either at a point in time or over time, depending on the nature of the KPI and the contractual agreement in which it is contained. Where there is uncertainty in the measurement of variable consideration, at both the start of the contract and subsequently, management will consider the facts and circumstances of the contract in determining either the most likely amount of variable consideration when the outcome is binary, or the expected value based on a range of possible considerations. Included within this assessment will be the extent to which there is a high probability that a significant reversal in variable consideration revenues will not occur once the uncertainty is subsequently resolved. This assessment will include consideration of the following factors: the total amount of the variable consideration; the proportion of consideration susceptible to judgements of customers or third parties, for example KPIs; the length of time expected before resolution of the uncertainty; and the Company's previous experience of similar contracts.

Exceptional items

Exceptional items are disclosed on the face of the Profit and Loss Account where these are material and considered necessary to explain the underlying financial performance of the Company. They are either one off in nature or necessary elements of expenditure to derive future benefits for the Company which have not been capitalised in the Balance Sheet.

Costs of restructure are only considered to be exceptional where the restructure is transformational and the resultant cost is significant.

Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions. Grants received where the company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tangible assets

Items of property, plant and equipment are stated at historical cost, net of depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow into the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit and loss account during the financial period in which they are incurred.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% per annum, reducing balance
Fixtures and fittings	Over two years, straight line
Equipment	25% per annum, reducing balance

Impairment

For the purposes of assessing impairment, assets are tested individually.

Goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the Profit and Loss Account for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Cash and cash equivalents

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

Trade receivables

Trade receivables represent amounts due from customers in respect of invoices. They are initially measured at their transaction price and subsequently remeasured at amortised cost.

Retention assets represent amounts held by customers for a period following payment of invoices, to cover any potential defects in the work. Retention assets are included in trade receivables and are therefore initially measured at their transaction price.

Defined contribution pension obligation

The Company operates a defined contribution pension scheme for employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions to an independent entity. The Company has no legal obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The assets of the schemes are held separately from those of the Company in an independently administered fund.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Reserves
Share capital is determined using the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial assets and liabilities
Financial assets and liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Financial assets, loans and receivables
The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets is in accordance with IFRS 9 'Financial Instruments'.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

Under IFRS 9, the Company recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are grouped into credit risk categories and reviewed in aggregate.

Trade receivables, contract assets and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and contract assets are initially recorded at fair value net of transaction costs, being invoiced value less any provisional estimate for impairment should this be necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Profit and Loss Account.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest rate method.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial Liabilities
The Company's financial liabilities are overdrafts, trade and other payables including accrued expenses, and amounts owed to Group companies.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the Profit and Loss Account with the exception of those that are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred with the exception of those which are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost.

Contingent consideration is initially recognised at fair value and is subsequently measured at fair value through the Profit and Loss Account.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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

Revenue recognition
The estimation techniques used for revenue and profit recognition in respect of contracting and variable consideration contracts require judgements to be made about the recovery of pre-contract costs, changes in the scope of work and changes in costs. Each contract is treated on its merits and subject to a regular review of the revenue and costs to complete that contract.

Contract recoverability
Determining future contract profitability requires estimates of future revenues and costs to complete. In making these assessments there is a degree of inherent uncertainty. The Company utilises the appropriate expertise in determining these estimates and has well-established internal controls to assess and review the expected outcome.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

4 Turnover

The revenue and profit before tax are attributable to the one principal activity of the Company. All revenue is derived from within the United Kingdom.

The Company's revenue disaggregated by pattern of revenue recognition is as follows:

	2021 £	2020 £
Revenue from contracts with customers		
Repairs and maintenance	669,606	706,904

Repairs and maintenance revenue is typically invoiced between one and 30 days from completion of the performance obligation. Payment terms for revenue invoiced are typically 30 to 60 days from the date of invoice.

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	-	5,175

The other operating income in the year of £Nil (2020: £5,175) relates to the government furlough scheme, which provided financial support relating to the Covid-19 pandemic.

6 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation on fixed assets	3,158	6,190
Depreciation on right of use assets	-	*20,858*
Loss on disposal of property, plant and equipment	1,573	5,939

7 Interest payable and similar expenses

	2021 £	2020 £
Interest expense on leases	-	107

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	302,856	349,555
Social security costs	22,880	27,113
Other pension costs	5,978	7,896
	331,714	384,564

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	11	14
Other departments	3	3
	14	17

9 Income tax

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	186,856	124,121
Corporation tax at standard rate	35,503	23,583
Decrease from effect of capital allowances depreciation	-	(232)
(Decrease)/increase from effect of expenses not deductible in determining (tax loss)/taxable profit	(876)	1,176
Decrease arising from group relief	(34,568)	(24,359)
Deferred tax credit relating to changes in tax rates or laws	-	(145)
Decrease from changes in unpaid pension contributions	-	(23)
Total tax charge	59	-

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end, to the extent those balances are expected to impact on current tax after 1 April 2023.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

10 Right of use assets

	Offices £	Total £
Cost or valuation		
At 1 January 2020	66,498	66,498
Disposals	(66,498)	(66,498)
At 31 December 2020	-	-
Depreciation		
At 1 January 2020	45,640	45,640
Charge for year	20,858	20,858
Eliminated on disposal	(66,498)	(66,498)
At 31 December 2020	-	-
Carrying amount		
At 31 December 2021	-	-
At 31 December 2020	-	-

11 Tangible assets

	Furniture, fittings and equipment £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2021	78,027	2,317	80,344
Additions	704	-	704
Disposals	(26,821)	(113)	(26,934)
At 31 December 2021	51,910	2,204	54,114
Depreciation			
At 1 January 2021	65,922	1,692	67,614
Charge for the year	3,002	156	3,158
Eliminated on disposal	(25,255)	(106)	(25,361)
At 31 December 2021	43,669	1,742	45,411
Carrying amount			
At 31 December 2021	8,241	462	8,703
At 31 December 2020	12,106	624	12,730

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

12 Trade and other debtors

	31 December 2021 £	31 December 2020 £
Trade debtors	66,503	37,673
Debtors due from related parties after more than one year	739,382	571,622
Contract assets	-	8,410
Prepayments	178	354
Other debtors	19,918	25,975
	825,981	644,034
Less non-current portion	(739,382)	(571,622)
	86,599	72,412

13 Trade and other creditors

	31 December 2021 £	31 December 2020 £
Accrued expenses	5,361	2,045
Other creditors	23,308	35,808
	28,669	37,853

14 Share capital

Allotted, called up and fully paid shares

	31 December 2021 No.	£	31 December 2020 No.	£
A Ordinary shares of £1 each	80	80	80	80
B Ordinary shares of £1 each	1	1	1	1
	81	81	81	81

15 Parent and ultimate parent undertaking

The Company's immediate parent is Mears Limited by virtue of its 100% shareholding.

The ultimate parent is Mears Group PLC.

Mears Group PLC prepares Group financial statements which include this Company and are the smallest and largest consolidated accounts that the Company are included in. These financial statements are available upon request from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

16 Related party transactions

The Group of which the Company is a member has a central treasury arrangement in which all Group companies participate and procures a number of goods and services centrally which are recharged to its subsidiaries at cost. The Directors do not consider it meaningful to set out details of transfers made in respect of this treasury arrangement, nor the recharge of centrally procured goods and services, nor do they consider it meaningful to set out details of interest or dividend payments made within the Group.