

Midland Communications Company Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 30 June 2017

Midland Communications Company Limited

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Midland Communications Company Limited

Company Information

Directors S Mico
D J Webster

Company secretary D J Webster

Registered office 18 Miller Court
Severn Drive
Tewkesbury
Gloucestershire
GL20 8DN

Bankers HSBC Bank plc
Redditch
Church Green West
Redditch
Worcestershire
B97 4EA

Accountants Clement Rabjohns Limited
Chartered Accountants
111/113 High Street
Evesham
Worcestershire
WR11 4XP

Midland Communications Company Limited

(Registration number: 01273257)

Balance Sheet as at 30 June 2017

	Note	2017 £	(As restated) 2016 £
Fixed assets			
Tangible assets	<u>4</u>	36,651	63,254
Current assets			
Stocks	<u>5</u>	148,724	38,086
Debtors	<u>6</u>	1,522,230	1,647,948
Cash at bank and in hand		300,098	-
		<u>1,971,052</u>	<u>1,686,034</u>
Creditors: Amounts falling due within one year	<u>7</u>	<u>(1,520,404)</u>	<u>(1,013,687)</u>
Net current assets		<u>450,648</u>	<u>672,347</u>
Total assets less current liabilities		<u>487,299</u>	<u>735,601</u>
Creditors: Amounts falling due after more than one year	<u>7</u>	<u>(9,561)</u>	<u>(40,811)</u>
Net assets		<u><u>477,738</u></u>	<u><u>694,790</u></u>
Capital and reserves			
Called up share capital		6,555	6,555
Share premium reserve		34,455	34,455
Capital redemption reserve		4,900	4,900
Profit and loss account		<u>431,828</u>	<u>648,880</u>
Total equity		<u><u>477,738</u></u>	<u><u>694,790</u></u>

For the financial year ending 30 June 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small 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.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

The notes on pages 5 to 12 form an integral part of these financial statements.

Midland Communications Company Limited

(Registration number: 01273257)
Balance Sheet as at 30 June 2017

Approved and authorised by the Board on 13 March 2018 and signed on its behalf by:

.....
S Mico
Director

.....
D J Webster
Company secretary and director

The notes on pages 5 to 12 form an integral part of these financial statements.
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Midland Communications Company Limited

Statement of Changes in Equity for the Year Ended 30 June 2017

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2016	6,555	34,455	4,900	648,880	694,790
Profit for the year	-	-	-	32,948	32,948
Total comprehensive income	-	-	-	32,948	32,948
Dividends	-	-	-	(250,000)	(250,000)
At 30 June 2017	6,555	34,455	4,900	431,828	477,738

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2015	6,555	34,455	4,900	641,990	687,900
Profit for the year	-	-	-	106,890	106,890
Total comprehensive income	-	-	-	106,890	106,890
Dividends	-	-	-	(100,000)	(100,000)
At 30 June 2016	6,555	34,455	4,900	648,880	694,790

The notes on pages 5 to 12 form an integral part of these financial statements.

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

1 General information

The company is a private company limited by share capital, incorporated in England, UK.

The address of its registered office is:

18 Miller Court
Severn Drive
Tewkesbury
Gloucestershire
GL20 8DN
United Kingdom

These financial statements were authorised for issue by the Board on 13 March 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company has taken advantage of the exemption within FRS 102 Section 1A from disclosing transactions with other wholly-owned members of the group to which it belongs.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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
Equipment on hire	33.33% straight line
Furniture and fittings	20% straight line
Computer equipment	33.33% straight line
Motor vehicles	25% straight line

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 change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 32 (2016 - 35).

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

4 Tangible assets

	Fixtures, fittings and equipment £	Equipment on hire £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2016	46,226	16,158	255,673	318,057
Additions	7,364	4,500	-	11,864
Disposals	-	-	(72,300)	(72,300)
At 30 June 2017	53,590	20,658	183,373	257,621
Depreciation				
At 1 July 2016	27,538	15,165	212,101	254,804
Charge for the year	13,040	1,996	23,430	38,466
Eliminated on disposal	-	-	(72,300)	(72,300)
At 30 June 2017	40,578	17,161	163,231	220,970
Carrying amount				
At 30 June 2017	13,012	3,497	20,142	36,651
At 30 June 2016	18,688	994	43,572	63,254

5 Stocks

	2017 £	2016 £
Work in progress	148,724	38,086

6 Debtors

	Note	2017 £	(As restated) 2016 £
Trade debtors		361,122	464,408
Amounts owed by group undertakings and undertakings in which the company has a participating interest	12	1,056,050	894,039
Prepayments		92,747	276,400
Other debtors		12,311	13,101
		1,522,230	1,647,948

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

7 Creditors

Creditors: amounts falling due within one year

	Note	2017 £	2016 £
Due within one year			
Bank loans and overdrafts	<u>9</u>	31,250	90,920
Trade creditors		862,564	247,933
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>12</u>	37,657	-
Taxation and social security		225,448	264,402
Accruals and deferred income		350,057	407,129
Other creditors		<u>13,428</u>	<u>3,303</u>
		<u>1,520,404</u>	<u>1,013,687</u>

Creditors include bank loans and overdrafts and net obligations under finance lease and hire purchase contracts which are secured of £Nil (2016 - £54,747).

Creditors: amounts falling due after more than one year

	Note	2017 £	2016 £
Due after one year			
Loans and borrowings	<u>9</u>	<u>9,561</u>	<u>40,811</u>

8 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	6,555	6,555	6,555	6,555

9 Loans and borrowings

	2017 £	2016 £
Non-current loans and borrowings		
Finance lease liabilities	<u>9,561</u>	<u>40,811</u>

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

	2017 £	2016 £
Current loans and borrowings		
Bank overdrafts	-	54,747
Finance lease liabilities	31,250	36,173
	<u>31,250</u>	<u>90,920</u>

10 Dividends

	2017 £	2016 £
Interim dividend of £44.12 (2016 - £17.65) per ordinary share	250,000	100,000

11 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £73,687 (2016 - £67,101).

The total amount of guarantees not included in the balance sheet is £708,682 (2016 - £311,986). The company is party to a composite unlimited multilateral guarantee given to HSBC in respect of all group borrowings. It also provides security over group borrowings in the form of fixed and floating charges over all freehold and leasehold property and over book and other debts, chattels, goodwill and uncalled capital.

Midland Communications Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

12 Related party transactions

Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	21,590	21,615
Contributions paid to money purchase schemes	636	477
	<u>22,226</u>	<u>22,092</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Summary of transactions with parent

DWSM Ltd is the parent company with 86% holding in the company. The remaining 14% is held by the individual owners of DWSM Ltd therefore creating effective 100% ownership. As permitted under FRS 102 Section 1A transactions with the parent company and fellow 100% owned subsidiary have not been disclosed.

13 Parent and ultimate parent undertaking

The company's immediate parent is DWSM Limited, incorporated in England, UK.

14 Transition to FRS 102

The company has prepared its first financial statements that comply with FRS 102 Section 1A for the year ended 30 June 2017. The company's date of transition to FRS 102 Section 1A is 1 July 2015. The transition to FRS 102 has resulted in only a small number of changes in accounting policies compared to those previously and some presentation differences. Due to no formal loan agreement being in place group loan balance is now to be shown as repayable on demand.

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.