Registration number. 07448134

# MHM Property Services Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2018

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**MHM Property Services Limited**

# Contents

**MHM Property Services Limited**

# Company Information

| | |
|---|---|
| **Directors** | J K Taylor<br>Mears Group PLC |
| **Company secretary** | B R Westran |
| **Registered office** | 1390 Montpellier Court<br>Gloucester Business Park<br>Brockworth<br>Gloucester<br>GL3 4AH |
| **Solicitors** | BPE<br>St James' House<br>St James' Square<br>Cheltenham<br>Gloucestershire<br>GL50 3PR |
| ***Bankers*** | Barclays Bank PLC<br>Corporate Banking<br>4th Floor Bridgwater House<br>Counterslip, Finzels Reach<br>Bristol<br>BS1 6BX |

**MHM Property Services Limited**

# Directors' Report for the Year Ended 31 December 2018

The directors present their report and the unaudited financial statements for the year ended 31 December 2018.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The directors has taken exemption under this regime not to disclose the strategic report.

**Directors' of the company**

*The directors, who held office during the year, were as follows:*

J K Taylor

Mears Group PLC

***Principal activity***

The principal activity of the company is the provision of maintenance services.

**Going concern**

Mears Group PLC, the parent company, has a centralised treasury arrangement and so shares banking arrangements with its subsidiaries.

After making enquiries, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, and they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements. In making their enquiries, the Directors considered a period of five years and the forecasts used therefore covered the same period. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Approved by the Board on 23 September 2019 and signed on its behalf by:

.........................................

Mears Group PLC
Director

**MHM Property Services Limited**

# Statement of Directors' Responsibilities

*The directors acknowledge their responsibilities for preparing the financial statements in accordance with applicable law and* regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**MHM Property Services Limited**

# Profit and Loss Account for the Year Ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|---|---|---|---|
| Turnover | 3 | 1,288,231 | 3,195,275 |
| Cost of sales | | (1,463,839) | (2,753,740) |
| Gross (loss)/profit | | (175,608) | 441,535 |
| Administrative expenses | | (701,857) | (1,099,830) |
| Exceptional items | 4 | 800,000 | - |
| Operating loss | 5 | (77,465) | (658,295) |
| Other interest receivable and similar income | 6 | - | 137 |
| Interest payable and similar charges | 7 | (12,705) | - |
| *Loss before tax* | | *(90,170)* | *(658,158)* |
| Tax on loss on ordinary activities | 10 | - | - |
| Loss for the year | | (90,170) | (658,158) |

The above results were derived from continuing operations.

The notes on pages 8 to 17 form an integral part of these financial statements.

**MHM Property Services Limited**

# (Registration number: 07448134)
# Balance Sheet as at 31 December 2018

| | Note | 31 December 2018 £ | 31 December 2017 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 11 | 16,278 | 5,037 |
| **Current assets** | | | |
| Debtors | 12 | 359,472 | 2,568,031 |
| Cash at bank and in hand | | 111,986 | 277,028 |
| | | 471,458 | 2,845,059 |
| **Creditors: Amounts falling due within one year** | | | |
| Trade and other payables | 13 | (127,579) | (207,086) |
| Loans and borrowings | 14 | (270,899) | - |
| Income tax liability | 10 | (1,609) | (1,609) |
| **Creditors:** Amounts falling due within one year | | (400,087) | (208,695) |
| **Net current assets** | | 71,371 | 2,636,364 |
| **Total assets less current liabilities** | | 87,649 | 2,641,401 |
| **Creditors: Amounts falling due after more than one year** | | | |
| Amounts owed to related parties | | (85,639) | (2,549,221) |
| **Net assets** | | 2,010 | 92,180 |
| **Capital and reserves** | | | |
| Called up share capital | 18 | 100 | 100 |
| Profit and loss account | | 1,910 | 92,080 |
| Shareholders' funds | | 2,010 | 92,180 |

For the financial year ending 31 December 2018 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.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 23 September 2019 and signed on its behalf by

*The notes on pages 8 to 17 form an integral part of these financial statements.*

# (Registration number: 07448134)
# Balance Sheet as at 31 December 2018 (continued)

.........................................
Mears Group PLC
*Director*

The notes on pages 8 to 17 form an integral part of these financial statements.

MHM Property Services Limited

# Statement of Changes in Equity for the Year Ended 31 December 2018

| | Share capital £ | Retained earnings £ | Total £ |
|---|---|---|---|
| At 1 January 2018 | 100 | 92,080 | 92,180 |
| Loss for the year | - | (90,170) | (90,170) |
| Total comprehensive income | - | (90,170) | (90,170) |
| At 31 December 2018 | 100 | 1,910 | 2,010 |

| | Share capital £ | Retained earnings £ | Total £ |
|---|---|---|---|
| At 1 January 2017 | 100 | 750,238 | 750,338 |
| Loss for the year | - | (658,158) | (658,158) |
| Total comprehensive income | - | (658,158) | (658,158) |
| At 31 December 2017 | 100 | 92,080 | 92,180 |

The notes on pages 8 to 17 form an integral part of these financial statements.

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018

## 1 General information

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

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

These financial statements were authorised for issue by the Board on 23 September 2019.

## 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.

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.

**Basis of preparation**

The Company has transitioned from FRS 102 to FRS 101 for all periods presented. In the transition to FRS 101, the Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 20. The financial statements have been prepared on the historical cost basis. The financial statements are presented in Sterling (£).

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (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 2018. The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of IFRS 7 Financial Instruments· Disclosures;
b) The requirements of IFRS 13 Fair Value Measurement;
c) The requirements of IFRS 16 Leases;
d) The requirements of paragraph 58 of IFRS 16,
e) 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
f) The requirements of IAS 1 Presentation of Financial Statements;
g) The requirements of IAS 7 Statement of Cash Flows;
h) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
i) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
j) 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;
k) 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.

### Going concern

Mears Group PLC, the parent company, has a centralised treasury arrangement and so shares banking arrangements with its subsidiaries.

After making enquiries, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, and they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements. In making their enquiries, the Directors considered a period of five years and the forecasts used therefore covered the same period. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### New standards, interpretations and amendments effective

The most significant changes in accounting policies from the previous year were the introduction of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'. The accounting policies remain otherwise unchanged from the previous year.

No material difference arose as a result of these changes in accounting policy.

## 2 Accounting policies (continued)

**Turnover**

IFRS 15 'Revenue from Contracts with Customers' replaces the previous measurement standards IAS 18 'Revenue' and IAS 11 'Construction Contracts'. IFRS 15 has been applied using the modified retrospective approach on transition which results in an adjustment to the opening balance of equity at 1 January 2018 and no restatement of the prior period. The scope of the transitional adjustment is all contracts with customers which span the 1 January 2018 transition date. For the comparative period, the financial statements are reported under the aforementioned accounting standards, IAS 18 and IAS 11.

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.

The contracts with customers in Housing have a wide variation of goods and services being provided to customers with differing performance obligations and levels of complexity. IFRS 15 does not apply to lease contracts within the scope of IAS 17 'Leases'. None of the Company's contracts are considered to have a significant financing component.

*Contracting*

For contracting projects, the contract states the scope and specification of the construction works to be carried out, for a fixed price. The Company is continuously satisfying this single performance obligation as cost is incurred, determining progress against the performance obligation on an input basis. The customer controls the site or output as the work is being performed on it and therefore revenue is recognised over time where there is an enforceable right to payment for works completed to date and the work completed does not create an asset with an alternative use to the Company. An assessment is made of costs incurred to date and the costs required to complete the project. If a project is not deemed to be profitable, the unavoidable costs of fulfilling the contract are provided for immediately. This category also includes construction contracts where an end customer has not yet been identified and the revenue is recognised at a point in time, rather than over time.

*Variable consideration*

The Company's revenue includes elements of variable consideration. 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 judgements of customers or third parties, the length of time expected before resolution of the uncertainty and the Company's previous experience of similar contracts.

**Exceptional costs**

Exceptional costs 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.

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (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** |
|---|---|
| Motor vehicles | 25% per annum, reducing balance |
| Fixtures, fittings and equipment | 25% per annum, reducing balance |

**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.

***Work in progress***

Work in progress is included in inventories after deducting any foreseeable losses and payments on account not matched with revenue. Work in progress represents costs incurred on contracts that cannot be matched with contract work accounted for as revenue. Work in progress is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and any subcontracted work that has been incurred in bringing the inventories and work in progress to their present location and condition.

**Contract assets**

Contract assets are included in trade and other receivables and represent revenue recognised in excess of the total of payments on account and amounts invoiced.

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

## 2 Accounting policies (continued)

**Leases**

The economic ownership of a leased asset is transferred to the lessee if they bear substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable upfront at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreements, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance lease liability.

All other leases are treated as operating leases. Payment on operating lease agreements is recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**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***

From 1 January 2018, the assets generated from goods or services transferred to customers are now presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets from 1 January 2018 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 will now recognise 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.

## 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.

**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.

**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.

**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.

## 3 Turnover

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

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

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Schedule of rates contracts | 1,232,998 | 2,657,764 |
| Contracting and variable consideration | 55,233 | 537,511 |
| | 1,288,231 | 3,195,275 |

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

### 3 Turnover (continued)

Schedule of rates revenue is typically invoiced between one and 30 days from completion of the performance obligation. Contracting and variable consideration revenue is typically invoiced based on the stage of completion of the overall contract. Payment terms for revenue invoiced is typically 30 to 60 days from the date of invoice.

### 4 Exceptional items

Exceptional items comprise £800,000 in respect of the write off of intercompany debt.

### 5 Operating profit

Arrived at after charging/(crediting)

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Depreciation expense | 5,259 | 1,189 |
| Operating lease expense - plant and machinery | 3,689 | 3,732 |
| Operating lease expense - motor vehicles | 31,066 | 58,568 |

### 6 Other interest receivable and similar income

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Other finance income | - | 137 |

### 7 Interest payable and similar charges

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Interest paid to group undertakings | 12,705 | - |

### 8 *Staff costs*

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

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Wages and salaries | 302,439 | 862,055 |
| Social security costs | 34,037 | 95,854 |
| Other pension costs | 6,990 | 9,341 |
| | 343,466 | 967,250 |

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

| | 2018<br>No. | 2017<br>No. |
|---|---|---|
| Administration and support | 10 | 11 |
| Other departments | 11 | 19 |
| | 21 | 30 |

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

### 9 Directors' remuneration

The Directors were remunerated through other Group companies during the year and no remuneration was paid in respect of their positions as Directors of MHM Property Services Limited.

### 10 Income tax

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| Loss before tax | (90,170) | (658,158) |
| Corporation tax at standard rate | (17,132) | (126,695) |
| Increase from effect of capital allowances depreciation | 417 | 327 |
| Increase from effect of expenses not deductible in determining taxable profit | 114 | - |
| Increase arising from group relief | 16,601 | 126,368 |
| Total tax charge/(credit) | - | - |

### 11 Tangible assets

| | Furniture, fittings and equipment<br>£ | Motor vehicles<br>£ | Total<br>£ |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 January 2018 | 2,429 | 11,000 | 13,429 |
| Additions | 16,500 | - | 16,500 |
| At 31 December 2018 | 18,929 | 11,000 | 29,929 |
| **Depreciation** | | | |
| At 1 January 2018 | 240 | 8,152 | 8,392 |
| Charge for the year | 4,547 | 712 | 5,259 |
| At 31 December 2018 | 4,787 | 8,864 | 13,651 |
| **Carrying amount** | | | |
| At 31 December 2018 | 14,142 | 2,136 | 16,278 |
| At 31 December 2017 | 2,189 | 2,848 | 5,037 |

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

## 12 Trade and other debtors

| | 31 December 2018 £ | 31 December 2017 £ |
|---|---|---|
| Trade debtors | - | 2,397,116 |
| Prepayments | 75 | - |
| Contract assets | 359,397 | 170,915 |
| | 359,472 | 2,568,031 |

## 13 Trade and other creditors

| | 31 December 2018 £ | 31 December 2017 £ |
|---|---|---|
| Accrued expenses | 123,172 | 133,723 |
| Other creditors | 4,407 | 73,363 |
| Income tax liability | 1,609 | 1,609 |
| | 129,188 | 208,695 |

## 14 Loans and borrowings

| | 31 December 2018 £ | 31 December 2017 £ |
|---|---|---|
| **Current loans and borrowings** | | |
| Bank overdrafts | 270,899 | - |

## *15 Obligations under leases and hire purchase contracts*

**Operating leases**

Operating lease payments represent rentals payable by the Company for certain of its office properties used for the purposes of its trade, the hire of vehicles and the hire of other equipment. These leases have durations ranging from one to 5 years. No arrangements have been entered into in respect of contingent rental payments.

The total future value of minimum lease payments is as follows:

| | 31 December 2018 £ | 31 December 2017 £ |
|---|---|---|
| Within one year | 61,226 | 79,010 |
| In two to five years | 52,175 | 64,276 |
| | 113,401 | 143,286 |

## 16 Contingent liabilities

MHM Property Services Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the Bank, whereby each Company has provided a guarantee to the Bank and, under the terms of the guarantees, the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System. The Bank has a fixed and floating charge over the assets of MHM Property Services Limited in respect of this arrangement.

# Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

## 17 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.

## 18 Share capital

**Allotted, called up and fully paid shares**

| | 31 December 2018 | | 31 December 2017 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

## 19 Parent and ultimate parent undertaking

The company's immediate parent is Mears Housing Management (Holdings) Limited by virtue of its 100% shareholding.

The ultimate parent is Mears Group PLC.

The most senior parent entity producing publicly available financial statements is Mears Group PLC. These financial statements are available upon request from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

## 20 Transition to FRS 101

MHM Property Services Limited transitioned from FRS 102 to FRS 101 with no material measurement differences.