

Marshall Leasing Limited
Annual Report and Financial Statements
For the year ended 31 December 2020



MARSHALL LEASING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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MARSHALL LEASING LIMITED

DIRECTORS AND OTHER INFORMATION

Directors

R. Baird
G. McDowell
J. McGee
J.A. Ross
P.N. Targett
I. Wright

Company Secretary

Hill Wilson Secretarial Ltd

Registered Office

Bow Bells House
1 Bread Street
London
EC4M 9BE

Registered Number

00156897

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Banker

Barclays Bank PLC
9-11 St. Andrew's Street
Cambridge
CB2 3AA

MARSHALL LEASING LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present below their Strategic Report for Marshall Leasing Limited (the "Company") for the year ended 31 December 2020.

Principal activities

The Company is a wholly owned subsidiary of N.I.I.B. Group Limited and Bank of Ireland (UK) plc. The ultimate parent company is Bank of Ireland Group plc. The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is on page 2.

The activities of the Company continue to consist primarily of car and commercial vehicle leasing and associated activities.

Review of the business

The Company continues to develop and grow its business-to-business strategy, providing service-led fleet management, offering high added-value service to clients. However, during the year due to the COVID-19 pandemic, the overall fleet decreased by 6.8% (2019: 8.8% increase).

During the year, the Company provided payment breaks to customers impacted by COVID-19. The amounts still outstanding at the year-end are included within the Trade debtors balance.

The client base of the leasing segment remains well diversified and balanced with no single customer representing more than 9% (2019: 15%) of the fleet and with the top ten customers accounting for 48% (2019: 46%) of the fleet. The Company will remain focused on recruiting and retaining clients through its service-driven offering.

Robust risk management and control is a core discipline of the Company's business model and the Company employs sophisticated techniques to monitor and control residual value risk.

The leasing fleet is financed by fixed rate money market funding obtained through its treasury arrangement with Bank of Ireland (UK) plc. The net book value of the fleet at 31 December 2020 was £88.8 million (2019: £96.8 million) against £79.3 million (2019: £88.6 million) of net funding from Bank of Ireland (UK) plc.

During the year, the Company performed strongly: turnover increased to £57.2 million (2019: £52.7 million) and profit before tax increased to £4.8 million (2019: £3.9 million).

Key performance indicators

	Year ended 31 December 2020	Year ended 31 December 2019
Turnover (£'000)	57,246	52,728
Gross profit (%)	16.75%	16.70%
Gross profit (£'000)	9,590	8,803
Leasing funded fleet (number)	8,249	8,851
Vehicles held for leasing (NBV) (£'000)	88,742	96,786

Principal risks and uncertainties

The Company faces a range of risks and uncertainties. Set out below are the principal risks and uncertainties the Directors believe could have the most significant adverse impact on the Company's business. The risks and uncertainties described below are not intended to be an exhaustive list.

Economic conditions**Brexit**

Ongoing uncertainty surrounding the impact of the UK-EU Brexit deal continues to affect the markets in which the Company operates including pricing, consumer confidence and credit demand, collateral values and customers' ability to meet their contractual obligations and consequently the Company's financial performance, balance sheet, capital and dividend capacity. Other effects may include changes in official interest rate policy in the UK.

COVID-19

Consequences of nationwide restrictions and the impact on the economy led to domestic demand, supply, trade and finance being severely disrupted. Economic rebound is expected to be slower than anticipated following the extension of tiered restrictions during Q4 - 2020 and the announcement of a third national lockdown during Q1-2021, although the industry had introduced distance selling to meet consumer demand.

MARSHALL LEASING LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Principal risks and uncertainties (continued)*****Responsible and Sustainable Business***

The Company has availed of the exemption provided for in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 in respect of a subsidiary undertaking that is included in the Strategic report of the Parent. The Streamlined Energy and Carbon reporting requirements of Marshall Leasing Limited are addressed through the disclosures contained in pages 20 to 21 of the Annual Report of Bank of Ireland (UK) plc.

Fluctuations in prices in the used car market

The Company's financial performance may be affected by fluctuations in prices in the used car market. Price fluctuations may be caused by a number of potential factors such as model desirability, fuel type and technological changes. Such price fluctuations could also impact the Company's business, as it could affect the residual value of the vehicles at the end of leasing agreements. The Company operates a robust independent analysis tool to monitor this risk and seek to manage any exposure should the trend analysis predict it.

Funding structure***Credit risk***

Credit risk is the exposure to losses arising primarily from vehicle financing contracts to clients that default on their repayments. The quality of all lending is monitored and measured using independent grading tools and monitoring services. These are supplemented with credit risk related management information. The vast majority of clients operate on a direct debit basis, and arrears are rare.

Liquidity risk

It is Company policy to ensure that resources are available during all reasonably foreseeable circumstances to meet obligations arising from customer asset expansion. Development, implementation and monitoring of this policy are the responsibility of the Company and the Bank of Ireland (UK) plc's Asset and Liability Committee.

Interest rate risk

Interest rate risk arises primarily from the Company's exposure to interest rate fluctuations whilst offering customer products, which are at a fixed rate of interest. This exposure is managed using fixed rate deposits and loans.

Regulatory compliance

The Company is subject to regulatory compliance risk which can arise from a failure to comply fully with the laws, regulations or codes applicable, for example, those set out by the Financial Conduct Authority. Non-compliance can lead to fines, public reprimand or, in the extreme, closure of parts of the business.

Information risk

The Company is dependent on the efficient and uninterrupted operation of its information technology and computer systems, which are vulnerable to damage or interruption from power loss, telecommunications failures, sabotage, vandalism or similar misconduct. Whilst the Company has put in place insurance cover, and also contingency and disaster recovery plans, in order to mitigate the impact of such failures, it can never be certain that these plans could cover every eventuality or situation or fully recompense every loss.

Cyber security

Whilst the Company does not complete vehicle sales to customers via the internet or its websites, it does utilise the internet and its websites significantly in the marketing of its products and services. In common with other businesses, the Company is therefore at risk of 'denial of service' attacks on its websites which could impact the Company's trading performance if its websites are affected for a prolonged period. In addition, the Company stores certain customer information electronically and therefore faces risks associated with unauthorised access to that data which could have reputational and/or regulatory consequences for the Company. The Company monitors its security policies and processes in order to mitigate (but cannot eliminate) the risks associated with cyber security.

Staff retention

The Company relies on a number of key employees, both in its management and its operations, with specialised skills and extensive experience in their respective fields. Any failure by the Company to recruit, replace, retain or motivate suitably qualified and experienced employees could impact its growth or its sales performance, increase its wage costs and adversely affect its business, results of operations and financial condition.

MARSHALL LEASING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Stakeholder engagement

The Company complies with section 172(1) of the Companies Act 2006 through engagement with its various stakeholders. The Company's strategy has been informed by and its implementation continues to be informed by interaction with stakeholders. It is the Company's intention to act responsibly towards its stakeholders.

The Company's principal stakeholders and how it engages are as follows:

Shareholder

The Company regularly gives updates to its shareholder via business updates at various committees throughout the year.

Customers

The Company strives to make a positive contribution to the economy by supporting its customers and seeks to behave responsibly, treating them fairly and equally. The Board consistently reviews its customer strategy, receives updates on implementation and reviews progress.

Communities

The Company seeks to enable communities to thrive, through a tangible and visible commitment that brings its purpose to life. Examples include participating in a number of Bank of Ireland Group initiatives such as Give Together, a community-giving initiative under which employees are supported in raising money and volunteering days for good causes. The Bank of Ireland Group also supports the wider community through charity and community activities and by playing an active role in society.

People

The Company's people are fundamental to the delivery of its strategy. The Company aims to be a responsible employer and is committed to enabling its people to thrive, ensuring that they are engaged and have the skills and capabilities to serve customers brilliantly.

Regulators

Members of the Company's management meet with regulators on an ad hoc basis as and when required.

Suppliers

The Company assesses its suppliers across a number of key risk areas, at the on-boarding stage for all suppliers and annually thereafter for suppliers providing services of high criticality and dependency to the Company.

Environment

The Company, through its parent, is also conscious of its impact on the environment and has taken steps to reduce energy consumption at high usage locations that provide services to the Group.

Approval

This Strategic Report was approved by the Board on 16 July 2021.

DocuSigned by:



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Greg McDowell
Director

MARSHALL LEASING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

Financial performance

The profit for the year, after tax, amounted to £4.3 million (2019: £3.3 million). No dividends were paid during the year to the Company's immediate parent N.I.L.B. Group Limited (2019: £3 million).

Going concern

The Company's balance sheet at 31 December 2020 shows a net current liability position. However, this position is being funded through the Company's treasury arrangement with the Bank of Ireland (UK) plc which enables the Company to meet its liabilities as they fall due. The Bank of Ireland (UK) plc has provided a letter of support to the Company indicating its willingness to provide this support on an ongoing basis for a period of at least 12 months from the date of approval of the accounts.

On the basis of their assessment of the Company's financial position, including the Company's current dependence on the treasury function managed by the Bank of Ireland (UK) plc, the Directors have reasonable expectations that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Events since the balance sheet date

There has been no significant post balance sheet event identified since the end of the financial year, requiring adjustment to, or disclosure in, these financial statements.

Future outlook

The Company seeks to continue and accelerate the growth of the business through further expansion into the personal contract hire market, whilst optimising the performance of the business, and continuing to focus on excellence in customer service.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are set out below. Except where noted, they served for the entire period:

P.G. Cakebread (resigned 30.04.2021)

R. Baird

A. Carson (resigned 31.05.2021)

G. McDowell

J. McGee

J.A. Ross

P.N. Targett

I. Wright

Indemnity

As permitted by the Articles of Association, a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was in force during the financial year and also at the date of approval of the financial statements for the benefit of all Directors and former Directors who held office during the year.

Statement of disclosure of information to auditor

In so far as each of the persons who were Directors at the date of approving these financial statements is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.


Independent auditor

The auditor, KPMG LLP, has expressed willingness to be re-appointed in accordance with Section 487(2) of the Companies Act 2006.

Approval

This Directors' Report was approved by the Board on 16 July 2021.

DocuSigned by:


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Greg McDowell - Director

MARSHALL LEASING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS


The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DocuSigned by:

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Greg McDowell
Director

16 July 2021

MARSHALL LEASING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSHALL LEASING LIMITED

Opinion

We have audited the financial statements of Marshall Leasing Limited ("the company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited complexity or judgement in the calculation and recognition of revenue since it is straight forward in nature.

MARSHALL LEASING LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSHALL LEASING LIMITED
(CONTINUED)**

We also identified a fraud risk related to residual value estimation of tangible fixed assets in response to possible pressures to meet profit targets increased pressure on the motor finance industry.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to accounts that contain significant estimates and period-end adjustments
- Critically assessing the estimates over the residual values of tangible fixed assets against the company's historical experience and market practice.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MARSHALL LEASING LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSHALL LEASING LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

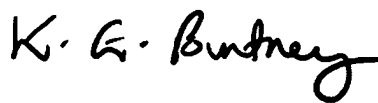
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19 July 2021

MARSHALL LEASING LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
	Note		
Turnover	4	57,246	52,728
Cost of sales	4	<u>(47,656)</u>	<u>(43,925)</u>
Gross profit		9,590	8,803
Administrative expenses		<u>(3,505)</u>	<u>(3,503)</u>
Operating profit		6,085	5,300
Net interest expense	8	<u>(1,322)</u>	<u>(1,413)</u>
Profit before taxation	5	4,763	3,887
Taxation	9	<u>(433)</u>	<u>(551)</u>
Profit for the year and total comprehensive income		<u>4,330</u>	<u>3,336</u>

All of the activities of the Company are classed as continuing.

The accompanying notes on pages 14 to 24 form part of these financial statements.

MARSHALL LEASING LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2020**

		31 December 2020 £'000	31 December 2019 £'000
	Note		
Fixed assets			
Tangible assets	11	88,751	96,795
Intangible assets	12	183	283
		<u>88,934</u>	<u>97,078</u>
Current assets			
Debtors - amounts falling due after one year	14	8,108	6,525
Debtors - amounts falling due within one year	15	8,598	5,882
Cash at bank and in hand		913	1,032
		<u>17,619</u>	<u>13,439</u>
Creditors: amounts falling due within one year	17	<u>(47,292)</u>	<u>(51,709)</u>
Net current liabilities		<u>(29,673)</u>	<u>(38,270)</u>
Total assets less current liabilities		59,261	58,808
Creditors: amounts falling due after one year	18	(48,723)	(52,600)
Net assets		<u><u>10,538</u></u>	<u><u>6,208</u></u>
Capital and reserves			
Called-up share capital	22	70	70
Other reserve	23	900	900
Profit and loss account		9,568	5,238
Shareholders' funds		<u><u>10,538</u></u>	<u><u>6,208</u></u>

The accompanying notes on pages 14 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors on 16 July 2021 and signed on its behalf by:

DocuSigned by:

Greg McDowell

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Greg McDowell
Director

Company Number: 00156897

MARSHALL LEASING LIMITED**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2020**

	Called-up Share capital £'000	Other reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	70	900	4,902	5,872
Total comprehensive income	-	-	3,336	3,336
Dividends Paid	-	-	(3,000)	(3,000)
At 31 December 2019	70	900	5,238	6,208
Total comprehensive income	-	-	4,330	4,330
Dividends paid	-	-	-	-
At 31 December 2020	70	900	9,568	10,538

MARSHALL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Marshall Leasing Limited (the "Company") is a private limited liability company incorporated in England and Wales. The registered office is Bow Bells House, 1 Bread Street, London, EC4M 9BE. The financial statements of the Company have been prepared in compliance with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*.

The financial statements are prepared in sterling which is the functional and presentational currency of the Company and rounded to the nearest thousand pounds unless otherwise stated.

The Company accounts have also adopted the following disclosure exemptions:

- Presentation of a cash-flow statement and related notes;
- Financial instrument-related disclosures;
- Key management personnel compensation disclosures;
- Related party disclosures with wholly owned subsidiaries within the Group; and
- Preparation of consolidated financial statements - the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts.

These exemptions have been applied as the Company is a qualifying entity and the shareholders of the Company have been notified in writing and no objection has been made to the use of the exemptions. The Company is a wholly owned subsidiary of N.I.I.B. Group Limited and Bank of Ireland (UK) plc. The consolidated financial statements of Bank of Ireland (UK) plc may be obtained from Bow Bells House, 1 Bread Street, London, EC4M 9BE.

Adoption of new accounting standards

The following new amendments to standard have been adopted by the Company during the year ended 31 December 2020:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

These amendments are aimed at improving the understanding of the existing requirements rather than significantly impacting current materiality judgements. They provide a new definition of material which shall be used to assess whether information, either individually or in combination with other information, is material in the context of the financial statements. These amendments have not had a significant impact on the Company at the reporting date.

Going concern

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing these financial statements is a period of twelve months from the date of approval of these financial statements. In making this assessment the Directors considered the business, capital and funding plans of the Company, and have also considered the positions of the Company's intermediate parent, Bank of Ireland (UK) plc and ultimate parent, Bank of Ireland Group plc.

The Company's balance sheet at 31 December 2020 shows a net current liability position. However, this position is being funded through the Company's treasury arrangement with Bank of Ireland (UK) plc which enables the Company to fund its business growth and meet its liabilities as they fall due. Bank of Ireland (UK) plc has confirmed that it will continue to fund and support the Company for a period of thirteen months from the date of approval of the financial statements by the Directors.

On the basis of their assessment of the Company's financial position, including the Company's current dependence on the treasury function managed by Bank of Ireland (UK) plc, the Directors of the Company consider it appropriate to prepare the financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Turnover**

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received excluding value added tax. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover in respect of the sale of vehicles previously held as fixed assets under the heading 'Vehicles held for contract rental' is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when a customer takes possession of a vehicle, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or expected to be incurred in respect of the transaction can be measured reliably.

Lease income

Rental income from finance leases is recognised in revenue over the period of the lease. Turnover from operating leases is recognised evenly over the hire period.

Maintenance income, where relevant, is included in customers' rental amount, and is recognised over the period of the lease. Associated maintenance costs are accrued over the period of the lease.

Rendering of services

Turnover in respect of other services is recognised once the service has been provided and includes vehicle maintenance income and fleet management fees.

Finance income

The interest elements of the rental obligations are credited to the statement of comprehensive income over the period of the lease and are apportioned based on a pattern reflecting a constant periodic rate of return.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives those components are accounted for as separate items of property, plant and equipment.

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 to the Company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated residual values are included in the calculation of depreciation. The useful lives applicable are:

Leasehold land and buildings	- over the lease term
Plant and machinery	- 2 to 5 years
Vehicles held for leasing	- over the lease term

Vehicles acquired for the purpose of letting under lease contracts are depreciated evenly over the period of the lease contract to reduce the original cost to the estimated residual value at the end of the lease.

Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income for the year.

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Impairment of assets (continued)

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income for the year.

Intangible assets

Intangible assets are carried at cost less amortisation and impairment, if any, and are amortised on a straight line basis over their useful life of five years. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. The estimated recoverable amount is the higher of the asset's fair value less costs to sell or its value in use.

Leasing - as lessee

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Leasing - as lessor
Finance leases

Assets leased to third parties that transfer substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognised as a receivable in the balance sheet equal to the net investment in the lease. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest elements of the rental obligations are credited to the statement of comprehensive income over the period of the lease and are apportioned based on a pattern reflecting a constant periodic rate of return. Finance lease income is presented in revenue.

Operating leases including contract hire

Leases that do not transfer substantially all the risks and rewards of ownership are treated as operating leases. Their annual rentals are credited to the statement of comprehensive income on a straight-line basis over the term of the lease. Costs incurred, including depreciation, are recognised in line with the normal depreciation policy for similar assets.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

Income tax payable on profits is recognised as an expense in the year in which profits arise. Tax provisions are provided on a transaction by transaction basis using a best estimate approach. In arriving at such estimates, management assesses the relative merits and risks of tax treatments assumed, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice.

A current tax provision is recognised when the Company has a present obligation as a result of a past event and it is probable that there will be a future outflow of funds to a fiscal authority to settle the obligation.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted, or substantively enacted, by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

MARSHALL LEASING LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Taxation (continued)**

The rates enacted, or substantively enacted, at the balance sheet date, are used to determine deferred income tax. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised and by reference to the expiry dates (if any) of the relevant unused tax losses or tax credits. Any unrecognised deferred tax assets are reassessed at the end of each reporting period at which point any previously unrecognised deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are not discounted.

Tax on items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity respectively. Where applicable, tax on items recognised in other comprehensive income is subsequently reclassified to the statement of comprehensive income, together with the deferred gain or loss.

Pensions

The Company's employees are members of a Bank of Ireland Group defined contribution scheme, for which contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Company makes judgements and estimates concerning the future. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Leasing (lessee and lessor)

The Company occupies a commercial building and the Company leases out vehicles to third parties as lessor. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether the lease transfers the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

The Directors have also considered the Company's trade debtor balance (as shown in note 15), which includes £3.0m of deferred contract hire payments as at 31 December 2020, and have determined that any financing element is immaterial, and the deferred payments are recoverable since all repayments subsequent to the original deferral have been made as agreed. In addition, the Directors have considered the Company's historical experience, as well as proactively assessing its customer base, and have not identified any third parties who are facing longer-term financial difficulty at the balance sheet date. As a result, no adjustments to the carrying value of Property, Plant and Equipment (as explained above) or Trade Receivables have been made.

Tax

The taxation charge accounts for amounts due to UK authorities, and includes estimates based on a judgement of the application of law and practice, in certain cases, to determine the quantification of any liabilities arising. In arriving at such estimates, management assesses the relative merits and risks of tax treatments assumed, taking into account statutory, judicial, and regulatory guidance and, where appropriate, external advice.

At 31 December 2020, the Company had a net deferred tax asset of £4.6 million (2019: £2.6 million), of which £nil (2019: £nil) related to trading losses. See note 16.

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available, against which deductible temporary differences and unutilised tax losses can be utilised. The recognition of a deferred tax asset relies on management's judgements surrounding the probability and sufficiency of future taxable profits and the future reversals of existing taxable temporary difference.

To the extent that the recognition of a deferred tax asset is dependent of sufficient future profitability, a degree of estimation and the use of assumptions are required. The Company's judgement takes into consideration the impact of both positive and negative evidence, including historical financial performance, projections of future taxable income, the impact of tax legislation and future reversals of existing taxable temporary differences.

4. TURNOVER AND COST OF SALES

Turnover is all attributable to the principal activity of the Company, which is car and commercial vehicle leasing, vehicle contract hire and fleet management. All turnover arises from continuing activities within the United Kingdom and is stated net of VAT.

Turnover is analysed as follows:

	2020	2019
	£'000	£'000
Operating lease income	29,613	29,472
Sale of goods	22,527	17,631
Rendering of services	5,017	5,465
Finance lease income	89	160
Turnover	57,246	52,728

The Cost of Sales balance of £47.7m (2019 - £43.9m) comprises of £24.9m (2019 - £24.7m) of depreciation, £18.8m (2019 - £15.6m) of disposal costs and £4m (2019 - £3.6m) of other leasing costs. The increase in other leasing costs was mainly driven by an increase in maintenance costs during the year.

5. PROFIT BEFORE TAX

This is stated after charging:

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets	24,861	24,727
Operating lease costs – land and buildings	49	44
Auditor's remuneration – audit of the financial statements	33	33

6. EMPLOYEE COSTS

Employee costs during the year were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	2,290	2,185
Social security costs	272	248
Other pension costs	215	213
	2,777	2,646

The average number of employees during the year was as follows:

	2020	2019
	Number	Number
Administration	19	17
Sales and aftersales	20	20
	39	37

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. DIRECTORS' REMUNERATION

Remuneration in respect of Directors was as follows:

	2020	2019
	£'000	£'000
Emoluments	757	786
Pension contributions	38	37
	795	823

Four of the Directors (2019: five) did not receive any emoluments in respect of their services to the Company but instead received emoluments for their services from other companies. The Directors do not believe that it is practicable to apportion this amount between service as a Director of the Company and services as a Director of other Group companies.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2020	2019
	£'000	£'000
Emoluments	256	285

8. NET INTEREST EXPENSE

	2020	2019
	£'000	£'000
Interest payable to Bank of Ireland (UK) plc	1,402	1,555
Interest receivable from Bank of Ireland (UK) plc	(78)	(142)
Bank interest	(2)	-
	1,322	1,413

9. TAXATION

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2020	2019
	£'000	£'000
<i>UK Corporation tax</i>		
Current tax on profits for the year	2,044	1,546
Adjustment in respect of previous periods	434	(65)
Total current tax	2,478	1,481
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(1,319)	(930)
Impact of Corporation tax rate change	(348)	-
Adjustment in respect of previous periods	(378)	-
Total deferred tax	(2,045)	(930)
Taxation on profit on ordinary activities	433	551

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION (CONTINUED)

b) Factors affecting the total tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2020	2019
	£'000	£'000
Profit before tax	4,763	3,887
Profit multiplied by standard rate of UK corporation tax 19% (2019: 19%)	905	739
Effects of:		
Expenses not deductible for tax purposes	1	3
Adjustments to tax charge in respect of previous periods	56	(65)
Impact of Corporation tax rate change	(348)	-
Other	(181)	(126)
Total tax charge for the period	433	551

c) Factors that may affect future tax charges

The applicable tax rate for the current year is 19% (2019: 19%). The tax credit of £348,000 (2019: £nil) in respect of corporation tax rate changes is due to the main UK corporation tax rate remaining at 19% for the financial year rather than reducing to the previously enacted rate of 17%, which was expected to apply from 1 April 2020. This change was substantively enacted on 17 March 2020.

10. DIVIDENDS

There was no dividend paid for the year 2020 (2019: £3 million).

11. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Vehicles held for leasing £'000	Total £'000
Cost or valuation			
At 1 January 2020	54	146,135	146,189
Additions	5	35,284	35,289
Disposals	-	(41,491)	(41,491)
At 31 December 2020	59	139,928	139,987
Depreciation			
At 1 January 2020	45	49,349	49,394
Charge for the year	5	24,856	24,861
On disposals	-	(23,019)	(23,019)
At 31 December 2020	50	51,186	51,236
Net book value			
At 31 December 2020	9	88,742	88,751
At 31 December 2019	9	96,786	96,795

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. INTANGIBLE ASSETS

	Total £'000
Cost or valuation	
At 1 January 2020	500
At 31 December 2020	500
Amortisation	
At 1 January 2020	217
Charge for the year	100
At 31 December 2020	317
Net book value	
At 31 December 2020	183
At 31 December 2019	283

Costs directly associated with brand licences controlled by the Company and which will generate economic benefits exceeding costs beyond one year are recognised as intangible assets. These costs include the price of the brand licence.

13. SUBSIDIARIES

Gates Contract Hire Limited was a wholly owned dormant subsidiary of Marshall Leasing Limited, which was put into members' voluntary liquidation in 2018 and dissolved on 30 August 2020.

14. DEBTORS: amounts falling due after one year

	2020 £'000	2019 £'000
Amounts due from Group companies	4,051	4,001
Prepayments and accrued income	-	317
Net investment in finance leases	-	53
Other debtors	55	30
Deferred taxation (note 16)	4,002	2,124
	8,108	6,525

15. DEBTORS: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts due from Group companies	3,039	4,048
Trade debtors	4,177	976
Prepayments and accrued income	453	-
Net investment in finance leases	26	63
Other debtors	276	335
Deferred taxation (note 16)	627	460
	8,598	5,882

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAX

	2020	2019
	£'000	£'000
At 1 January	2,584	1,653
Changes in provision	1,319	931
Impact of Corporation tax rate change	348	-
Adjustments to tax charge in respect of previous periods	378	-
At 31 December	4,629	2,584

The deferred tax asset relates to the tax effect of temporary differences in respect of:

	2020	2019
	£'000	£'000
Excess of taxation allowances over depreciation on fixed assets	4,629	2,584
	4,629	2,584

The deferred tax asset at 31 December 2020 has been based on the substantively enacted rate of 19%. The UK Budget, which was presented on 3 March 2021, announced that the main rate of corporation tax would increase from 19% to 25% in April 2023. If this rate change had been substantively enacted at the current balance sheet date, the deferred tax asset would have increased by £1.5 million.

The amount of net reversal of deferred tax expected to occur next year relating to the reversal of existing timing differences on tangible fixed assets at the deferred tax rate at the balance sheet date of 19% is £627,000 (2019: £460,000). This is expected to increase by £198,000 to £825,000 as a result of the increase in the tax rate to 25% highlighted above.

17. CREDITORS: amounts falling due within one year

	2020	2019
	£'000	£'000
Amounts owed to Group companies	38,161	48,499
Trade creditors	1,319	1,302
Taxation and social security	71	69
Other creditors	585	442
Accruals and deferred income	5,103	401
Corporation tax	2,053	996
	47,292	51,709

18. CREDITORS: amounts falling due after one year

	2020	2019
	£'000	£'000
Amounts owed to Group companies	48,230	48,193
Accruals and deferred income	493	4,407
	48,723	52,600

19. PENSIONS

As described in note 2, the Company participates in a Bank of Ireland Group defined contribution scheme. The cost of contributions to the defined contribution scheme for 2020 amounts to £0.2 million (2019: £0.2 million).

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. LEASING: as a lessee

The Company's future minimum operating lease commitments due within the next 5 years amount to £0.2 million (2019: £0.2 million).

	2020 £'000	2019 £'000
Within one year	40	40
Between one and five years	162	162
	202	202

21. LEASING: as a lessor

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. At 31 December 2020, these receivables amounted to £26,022 (2019: £115,754), and will bear interest income until their maturity dates.

	Total future payments £'000	Unearned interest income £'000	Present Value £'000
31 December 2020			
Within one year	26	-	26
Between one and five years	-	-	-
	26	-	26

	Total future payments £'000	Unearned interest income £'000	Present Value £'000
31 December 2019			
Within one year	101	2	99
Between one and five years	17	-	17
	118	2	116

The majority of the leases typically run for a non-cancellable period of two to nine years. Under the contracts, title either passes to the lessee at the conclusion of the lease period, or the arrangements include an option to purchase the leased equipment after that period.

The Company has entered into non-cancellable operating leases, as lessor, on a number of its vehicles included in tangible fixed assets. The terms of these leases vary.

Future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Within one year	19,119	22,519
Between one and five years	18,764	23,639
	37,883	46,158

MARSHALL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
70,000 ordinary shares of £1 each	70	70

23. OTHER RESERVE

	2020 £'000	2019 £'000
At 1 January	900	900
Capital contribution	-	-
At 31 December	900	900

The Other Reserve comprises a £900,000 capital contribution received from N.I.I.B. Group Limited in 2018.

24. TRANSACTIONS WITH RELATED PARTIES

The Company has availed itself of the FRS 102 exemption relating to the disclosure of transactions with other wholly owned subsidiaries of the Bank of Ireland Group. There are no other transactions with related parties.

25. CONTROLLING PARTIES

The Company's immediate parent undertaking is N.I.I.B. Group Limited. The smallest group of which the Company is a member and for which group financial statements are prepared is Bank of Ireland (UK) plc, a company incorporated in England and Wales. Copies of the Bank of Ireland (UK) plc financial statements can be obtained from Bow Bells House, 1 Bread Street, London, EC4M 9BE.

The Company's ultimate holding company is Bank of Ireland Group plc.

The largest group of which the Company is a member and for which group financial statements are prepared is Bank of Ireland Group plc, a public limited company incorporated and registered in the Republic of Ireland. Copies of the consolidated financial statements of Bank of Ireland Group plc for the year ended 31 December 2020 may be obtained from the Group Secretary, Bank of Ireland, 40 Mespil Road, Dublin 4, Republic of Ireland.

26. POST BALANCE SHEET EVENTS

There has been no significant post balance sheet event identified since the end of the financial year, requiring adjustment to, or disclosure in, these financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on 16 July 2021.