

Marcol Limited

Registered number: 01533505

Directors' report and financial statements

For the year ended 30 June 2021

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MARCOL LIMITED

COMPANY INFORMATION

Directors

M S Betts
A J O'Dowd
M O Ward
N J Rowell
K A Bellwood
S R Bannister

Registered number

01533505

Registered office

Wolds Garage
Melton Road
Burton on the Wolds
Loughborough
Leicestershire
LE12 5AG

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

Bankers

HSBC UK Bank Plc
2 - 6 Gallowtree Gate
Leicester
LE1 1DA

MARCOL LIMITED

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MARCOL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Introduction

The Directors present their strategic report for Marcol Limited for the year ended 30 June 2021.

Principal activities

The principal activities of the Company remain unchanged, being the provision of contract hire fleet, as well as rentals and leases of commercial vehicles.

Financial key performance indicators

The Directors are happy with the overall financial performance of the Company in 2021, with operating profit increasing to £2m (2020 - £1.7m).

Future developments

Year commencing July 2021 has seen core business activities rebounding strongly from the initial COVID-19 pandemic and subsequent lockdowns. The Directors remain positive about the recovery in profitability and future growth across all sectors of the business.

Financial position at 30 June 2021

The balance sheet remains strong, with net assets of £4.9m (2020 - £4.5m). This reflects the consistent policy of prudent profit retention and shows that the Company is well placed to invest in broadening its offering.

Principal risks and uncertainties

The risks that the Company faces include changes in client demand for the Company's services; changes in client requirements; competitive pressures on pricing; the loss or lack of key personnel; overall economic conditions and the Company's ability to successfully manage growth. The Company mitigates these risks by closely monitoring income levels, rewarding and motivating key members of staff and having a tight control over cost.

Invasion of Ukraine and Russian sanctions

Marcol Limited does not operate in either Ukraine or Russia and no key suppliers are located in either country. The Board's assessment of this highly tragic geopolitical situation is that the business is not impacted at present, and the situation will remain under review.

Coronavirus and the COVID-19 pandemic

The COVID-19 pandemic continues to affect the UK and global economies however the lifting of social restrictions by the government means the directors anticipate the UK and global economies to return to growth in due course. It is not possible to predict how quickly and to what degree this may happen. The priorities of the directors remain to comply with any remaining regulatory requirements to the fullest extent possible, and to maintain the safety and well-being of the company's personnel.

Going concern

The Directors consider that the Company has sufficient resources to continue in operational existence for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

MARCOL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

This report was approved by the board and signed on its behalf.



Martin Betts (May 20, 2022 14:27 GMT+1)

**M S Betts
Director**

Date: May 20, 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The Directors present their report and the financial statements for the year ended 30 June 2021.

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ("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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,021,650 (2020 - £984,820).

The Company paid a dividend of £653,899 during the year (2020 - £415,168).

Directors

The Directors who served during the year were:

M S Betts
A J O'Dowd
M O Ward
N J Rowell
K A Bellwood
S R Bannister

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the strategic report on page 1.

MARCOL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Martin Betts (May 20, 2022 14:27 GMT+1)

M S Betts
Director

Date: May 20, 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARCOL LIMITED

Opinion

We have audited the financial statements of Marcol Limited (the 'Company') for the year ended 30 June 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows, the analysis of net debt and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARCOL LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARCOL LIMITED

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition and significant one-off or unusual transactions

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.


A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

MARCOL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARCOL LIMITED

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.


Bob Johnson (May 20, 2022 15:19 GMT+1)

Paul Johnson (Senior Statutory Auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

Date: May 20, 2022

MARCOL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2021**


	Note	2021 £	2020 £
Turnover	4	14,650,623	11,924,821
Change in stocks	15	141,470	36,040
Raw materials and consumables		(4,705,390)	(2,862,518)
Other external charges		(2,135,893)	(1,988,164)
Gross profit		<u>7,950,810</u>	<u>7,110,179</u>
Other operating income	5	49,072	25,000
Staff costs	7	(932,346)	(910,151)
Depreciation and amortisation		(4,551,423)	(4,531,569)
Other operating expenses		(473,963)	(41,452)
Operating profit	6	<u>2,042,150</u>	<u>1,652,007</u>
Interest payable and similar expenses	9	(508,511)	(365,268)
Profit before tax		<u>1,533,639</u>	<u>1,286,739</u>
Tax on profit	10	(511,989)	(301,919)
Profit for the financial year		<u><u>1,021,650</u></u>	<u><u>984,820</u></u>

The notes on pages 14 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	60,205	59,505
Tangible assets	13	20,088,441	17,720,288
Investments	14	-	251,839
		<u>20,148,646</u>	<u>18,031,632</u>
Current assets			
Stocks	15	249,220	107,750
Debtors: amounts falling due within one year	16	1,825,279	1,729,790
Current asset investments	17	5,487	5,487
Cash at bank and in hand	18	699,529	1,537,305
		<u>2,779,515</u>	<u>3,380,332</u>
Creditors: amounts falling due within one year	19	(7,933,862)	(7,993,317)
Net current liabilities		<u>(5,154,347)</u>	<u>(4,612,985)</u>
Total assets less current liabilities		<u>14,994,299</u>	<u>13,418,647</u>
Creditors: amounts falling due after more than one year	20	(9,481,018)	(8,508,458)
Provisions for liabilities			
Deferred tax	21	(624,070)	(388,729)
Net assets		<u><u>4,889,211</u></u>	<u><u>4,521,460</u></u>
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	4,889,111	4,521,360
		<u><u>4,889,211</u></u>	<u><u>4,521,460</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on May 20, 2022


Martin Betts (May 20, 2022 14:27 GMT+1)

M S Betts
Director

The notes on pages 14 to 29 form part of these financial statements.

MARCOL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2020	100	4,521,360	4,521,460
Profit for the year	-	1,021,650	1,021,650
Dividends	-	(653,899)	(653,899)
At 30 June 2021	100	4,889,111	4,889,211

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	100	3,951,708	3,951,808
Profit for the year	-	984,820	984,820
Dividends	-	(415,168)	(415,168)
At 30 June 2020	100	4,521,360	4,521,460

The notes on pages 14 to 29 form part of these financial statements.

MARCOL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,021,650	984,820
Adjustments for:		
Amortisation of intangible assets	29,300	23,300
Depreciation of tangible assets	4,522,123	4,569,824
Investment impairment	251,839	41,452
Profit on disposal of tangible assets	(228,314)	(61,559)
Interest paid	508,511	365,268
Taxation charge	511,989	301,919
(Increase) in stocks	(141,470)	(36,040)
(Increase) in debtors	(95,489)	(240,609)
Increase in creditors	337,844	613,016
Corporation tax paid	(394,416)	-
Net cash generated from operating activities	<u>6,323,567</u>	<u>6,561,391</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(30,000)	(25,500)
Purchase of tangible fixed assets	(1,083,117)	(236,740)
Sale of tangible fixed assets	1,118,258	720,863
Hire purchase interest paid	(495,773)	(363,895)
Net cash from investing activities	<u>(490,632)</u>	<u>94,728</u>
Cash flows from financing activities		
Increase/(decrease) in hire purchase agreements	(5,999,626)	(4,529,705)
Dividends paid	(653,899)	(415,168)
Interest paid	(12,738)	(1,373)
Net cash generated by/(used in) financing activities	<u>(6,666,263)</u>	<u>(4,946,246)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(833,328)</u>	<u>1,709,873</u>
Cash and cash equivalents at beginning of year	1,532,857	(177,016)
Cash and cash equivalents at the end of year	<u><u>699,529</u></u>	<u><u>1,532,857</u></u>

MARCOL LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	699,529	1,537,305
Bank overdrafts	-	(4,448)
	<u>699,529</u>	<u>1,532,857</u>

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2021

	At 1 July 2020 £	Cash flows £	New hire purchase agreements £	At 30 June 2021 £
Cash at bank and in hand	1,537,305	(837,776)	-	699,529
Bank overdraft	(4,448)	4,448	-	-
Hire purchase agreements	(14,378,036)	5,999,626	(6,697,103)	(15,075,513)
	<u>(12,845,179)</u>	<u>5,166,298</u>	<u>(6,697,103)</u>	<u>(14,375,984)</u>

The notes on pages 14 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. General information

Marcol Limited is a private company, limited by shares, incorporated in England. The Company's registered number is 01533505. The address of its registered office is Wolds Garage, Melton Road, Burton On The Wolds, Loughborough, Leicestershire, LE12 5AG.

The principal activity of the Company continued to be the that of contract hire fleet, as well as rentals and leases of commercial vehicles.

The functional currency of the Company is Pounds Sterling (£) as this is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors consider that the Company has sufficient resources to continue in operational existence for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Turnover includes contract maintenance income, fleet management income, operating lease income, vehicle sales and goods including petrol and consumables.

Contract maintenance income is deferred to the extent that it relates to future maintenance expenditure that was anticipated at the outset of the agreement.

Operating lease income is credited to the profit and loss account on a straight line basis over the period of the lease.

Vehicles and goods sold at the store are accounted for at the time goods are sold.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.4 Government grants

The UK government has offered a range of financial support packages to help companies, including government back financing arrangements, furlough schemes, deferment of VAT payment and, for some sectors, business rates holidays. Of the offered schemes, the Company used the VAT deferral scheme. Grant income is recognised in other operating income when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received.

2.5 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Computer Software	-	5	years straight line
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2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- 20% on cost
Motor vehicles	- over the term of the hire purchase contract in place

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Fixed asset investments

Unlisted investments are measured at cost less accumulated impairment.

2.9 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items.

2.11 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.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.13 Creditors

Short term 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.16 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.17 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.19 Fleet maintenance costs

Maintenance costs incurred during a rental contract are charged to the profit and loss account as they are incurred.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The Directors are also required to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the Directors have made the following judgements:

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed assets and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed continually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and disposal values.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Goods	2,141,406	1,470,228
Services	12,509,217	10,454,593
	<u>14,650,623</u>	<u>11,924,821</u>

All turnover arose within the United Kingdom.

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

5. Other operating income

	2021 £	2020 £
Government grants receivable	49,072	25,000
	<u>49,072</u>	<u>25,000</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Fees payable to the Company auditors for the audit of the Company's annual accounts	10,000	8,250
Fees payable to the Company auditors for non-audit services	5,370	4,775
Operating lease payments	36,000	36,000
Depreciation of tangible fixed assets	4,522,123	4,569,824
Amortisation of intangible assets	29,300	23,300
Impairment of fixed asset investment	251,839	41,452
Profit on disposal of tangible fixed assets	<u>(228,314)</u>	<u>(61,558)</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	772,940	730,602
Social security costs	72,750	82,156
Cost of defined contribution scheme	86,656	89,570
	<u>932,346</u>	<u>902,328</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Direct	9	8
Administration	11	10
Directors	6	6
	<u>26</u>	<u>24</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	423,549	475,991
Company contributions to defined contribution pension schemes	30,833	30,000
	<u>454,382</u>	<u>505,991</u>

During the year retirement benefits were accruing to 5 Directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £116,211 (2020 - £145,032).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £18,833 (2020 - £NIL).

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	60	1,373
Hire purchase contracts	495,773	363,895
Other interest payable	12,678	-
	<u>508,511</u>	<u>365,268</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	284,524	278,792
Adjustments in respect of previous periods	(7,876)	103
Total current tax	<u>276,648</u>	<u>278,895</u>
Deferred tax		
Origination and reversal of timing differences	235,341	23,024
Total deferred tax	<u>235,341</u>	<u>23,024</u>
Taxation on profit on ordinary activities	<u>511,989</u>	<u>301,919</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,533,639	1,286,739
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	291,391	244,480
Effects of:		
Expenses not deductible for tax purposes	83,050	13,863
Adjustments to tax charge in respect of prior periods	(7,876)	103
Change in deferred tax rate	136,946	38,794
Other differences	8,478	4,679
Total tax charge for the year	511,989	301,919

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%.

11. Dividends

	2021 £	2020 £
Dividends	653,899	415,168

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Intangible assets

	Computer software £
Cost	
At 1 July 2020	116,500
Additions	30,000
At 30 June 2021	<u>146,500</u>
Amortisation	
At 1 July 2020	56,995
Charge for the year	29,300
At 30 June 2021	<u>86,295</u>
Net book value	
At 30 June 2021	<u>60,205</u>
At 30 June 2020	<u>59,505</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Total £
Cost			
At 1 July 2020	278,261	32,728,882	33,007,143
Additions	1,877	7,778,343	7,780,220
Disposals	-	(3,554,987)	(3,554,987)
At 30 June 2021	<u>280,138</u>	<u>36,952,238</u>	<u>37,232,376</u>
Depreciation			
At 1 July 2020	266,752	15,020,103	15,286,855
Charge for the year on owned assets	5,983	154,911	160,894
Charge for the year on financed assets	-	4,361,229	4,361,229
Disposals	-	(2,665,043)	(2,665,043)
At 30 June 2021	<u>272,735</u>	<u>16,871,200</u>	<u>17,143,935</u>
Net book value			
At 30 June 2021	<u>7,403</u>	<u>20,081,038</u>	<u>20,088,441</u>
At 30 June 2020	<u>11,509</u>	<u>17,708,779</u>	<u>17,720,288</u>

The net book value of assets held under hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Motor vehicles	17,592,294	17,340,879
	<u>17,592,294</u>	<u>17,340,879</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. Fixed asset investments

	Unlisted investments £
Cost	
At 1 July 2020	293,291
At 30 June 2021	<u>293,291</u>
Impairment	
At 1 July 2020	41,452
Charge for the period	251,839
At 30 June 2021	<u>293,291</u>
Net book value	
At 30 June 2021	<u>-</u>
At 30 June 2020	<u>251,839</u>

The Directors consider current market valuation is not materially different to cost.

15. Stocks

	2021 £	2020 £
Vehicles for sale, fuel and consumables	249,220	107,750
	<u>249,220</u>	<u>107,750</u>

16. Debtors

	2021 £	2020 £
Trade debtors	1,686,251	1,379,076
Other debtors	139,028	350,714
	<u>1,825,279</u>	<u>1,729,790</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. Current asset investments

	2021 £	2020 £
Unlisted investments	5,487	5,487
	<u>5,487</u>	<u>5,487</u>

The Directors consider current market valuation is not materially different to cost.

18. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	699,529	1,537,305
Less: bank overdrafts	-	(4,448)
	<u>699,529</u>	<u>1,532,857</u>

19. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	-	4,448
Trade creditors	1,081,735	574,441
Corporation tax	555,440	673,208
Other taxation and social security	197,423	549,743
Obligations under hire purchase contracts	5,594,495	5,869,578
Other creditors	486,990	161,179
Accruals and deferred income	17,779	160,720
	<u>7,933,862</u>	<u>7,993,317</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company and a personal guarantee totalling £400,000 from M S Betts and K A Betts.

Obligations under hire purchase contracts are secured on the assets to which they relate.

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

20. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Net obligations under hire purchase contracts	9,481,018	8,508,458
	<u>9,481,018</u>	<u>8,508,458</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

21. Deferred taxation

	2021 £	2020 £
At beginning of year	(388,729)	(365,705)
Charged to profit or loss	(235,341)	(23,024)
At end of year	<u>(624,070)</u>	<u>(388,729)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(624,070)	(388,729)
	<u>(624,070)</u>	<u>(388,729)</u>

22. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
42,750 (2020 - 42,750) Ordinary A shares of £0.001 each	43	43
57,250 (2020 - 57,250) Ordinary B shares of £0.001 each	57	57
	<u>100</u>	<u>100</u>

The above shares rank pari passu in all respects.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

23. Reserves

Profit & loss account

The profit and loss account represents the cumulative profits and losses of the Company.

24. Contingent liabilities

The Company has received a HMRC assessment following a First Tier Tribunal in respect of certain tax arrangements previously entered into amounting to £301,283. The Directors are seeking advice to challenge the assessment. The outcome and timeframe of a potential liability is unknown and cannot be estimated with reliable certainty at the date of approval of these financial statements. Consequently no provision for the tax being claimed by HMRC has been made in these financial statements.

25. Related party transactions

The Fleet Auction Group Limited

During the year the Company sold goods and services to the value of £1,132,732 (2020 - £939,630) and purchased goods and services to the value of £282,502 (2020 - £186,175) from Marcol Limited, a Company of which M S Betts is a shareholder and Director. An amount of £104,308 (2020 - £39,138) was owed to Marcol Limited and £546 (2020 - £576) was owed by Marcol Limited at the year end.

Marcol Limited Pension Scheme

During the year the rent was paid to the Company's pension scheme to the amount of £36,000 (2020 - £36,000).

Directors of the Company

M S Betts, K A Bellwood and M O Ward are all Directors of the Company.

At the year end £82,588 (2020 - £73,147) was owed to M S Betts. During the year advances amounted to £616,573 (2020 - £1,607,378) and repayments of £626,014 (2020 - £1,680,525) were paid to/from the Company.

At the year end £300 (2020 - £Nil) was owed to K A Bellwood. During the year advances amounted to £18,407 (2020 - £Nil) and repayments of £18,707 (2020 - £Nil) were paid to/from the Company.

At the year end £2,610 (2020 - £68,318) was owed to M O Ward. During the year advances amounted to £339,313 (2020 - £182,282) and repayments of £273,605 (2020 - £250,600) were paid to/from the Company.

At the year end £24,500 (2020 - £Nil) was owed to N Rowell.

At the year end £10,500 (2020 - £Nil) was owed to S Bannister.

No interest was charged on the Directors loan account balances.

Directors dividends

During the year, dividends of £653,899 (2020 - £415,168) were paid to Directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

26. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessments.