

Marcol Limited

Registered number: 01533505

Annual report and financial statements

For the year ended 30 June 2022

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MARCOL LIMITED

COMPANY INFORMATION

Directors	M S Betts 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

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 7
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11 - 12
Analysis of net debt	12
Notes to the financial statements	13 - 26

MARCOL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

The Directors present their strategic report for Marcol Limited for the year ended 30 June 2022.

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 2022, with operating profit increasing to £3.8m (2021 - £2m).

Future developments

The year commencing July 2022 has seen core business activities continue to perform well. The Directors continue to remain positive about ongoing profitability and future growth across all sectors of the business.

Financial position at 30 June 2022

The balance sheet remains strong, with net assets of £6.9m (2021 - £4.9m). 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 Directors are particularly mindful of supply side pressures, fuel price increases and cost of living factors. 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.

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.

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


MARTIN BETTS (Mar 16, 2023 13:03 GMT)

M S Betts
Director

Date: Mar 16, 2023

MARCOL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report and the financial statements for the year ended 30 June 2022.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 £2,505,096 (2021 - £1,021,650).

The Company paid a dividend of £490,936 during the year (2021 - £653,899).

Directors

The Directors who served during the year were:

M S Betts
M O Ward
A J O'Dowd (resigned 31 May 2022)
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 2022**

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.

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 (Mar 16, 2023 13:03 GMT)

**M S Betts
Director**

Date: Mar 16, 2023

MARCOL LIMITED

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 2022 which comprise the profit and loss account, balance sheet, statement of changes in equity, statement of cash flows, 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 2022 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.

MARCOL LIMITED

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.

MARCOL LIMITED

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 (which we pinpointed to the cut-off assertion), 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.

Stephen English

Stephen English (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: Mar 16, 2023

MARCOL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022**


	Note	2022 £	2021 £
Turnover	4	15,564,786	14,650,623
Change in stocks	15	194,940	141,470
Raw materials and consumables		(4,309,663)	(4,705,390)
Other external charges		(1,592,435)	(2,135,893)
Gross profit		<u>9,857,628</u>	<u>7,950,810</u>
Other operating income	5	-	49,072
Staff costs	7	(905,348)	(932,346)
Depreciation and amortisation		(4,845,869)	(4,551,423)
Other operating expenses		(298,735)	(473,963)
Operating profit	6	<u>3,807,676</u>	<u>2,042,150</u>
Interest payable and similar expenses	9	(553,809)	(508,511)
Profit before tax		<u>3,253,867</u>	<u>1,533,639</u>
Tax on profit	10	(748,771)	(511,989)
Profit for the financial year		<u><u>2,505,096</u></u>	<u><u>1,021,650</u></u>

The notes on pages 13 to 26 form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	55,385	60,205
Tangible assets	13	23,482,593	20,088,441
		<u>23,537,978</u>	<u>20,148,646</u>
Current assets			
Stocks	15	444,160	249,220
Debtors: amounts falling due within one year	16	1,745,970	1,825,279
Current asset investments	17	-	5,487
Cash at bank and in hand	18	2,779,874	699,529
		<u>4,970,004</u>	<u>2,779,515</u>
Creditors: amounts falling due within one year	19	(7,644,763)	(7,933,862)
Net current liabilities		<u>(2,674,759)</u>	<u>(5,154,347)</u>
Total assets less current liabilities		<u>20,863,219</u>	<u>14,994,299</u>
Creditors: amounts falling due after more than one year	20	(12,980,907)	(9,481,018)
Provisions for liabilities			
Deferred tax	22	(978,941)	(624,070)
Net assets		<u><u>6,903,371</u></u>	<u><u>4,889,211</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	6,903,271	4,889,111
		<u><u>6,903,371</u></u>	<u><u>4,889,211</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


MARTIN BETTS (Mar 16, 2023 13:03 GMT)

M S Betts
Director

Date: Mar 16, 2023

The notes on pages 13 to 26 form part of these financial statements.

MARCOL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2021	100	4,889,111	4,889,211
Profit for the year	-	2,505,096	2,505,096
Dividends	-	(490,936)	(490,936)
At 30 June 2022	100	6,903,271	6,903,371

**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

The notes on pages 13 to 26 form part of these financial statements.

MARCOL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	2,505,096	1,021,650
Adjustments for:		
Amortisation of intangible fixed assets	35,420	29,300
Depreciation of tangible fixed assets	4,810,449	4,522,123
Investment impairment	5,487	251,839
Profit on disposal of tangible fixed assets	(966,897)	(228,314)
Interest paid	553,809	508,511
Taxation charge	748,771	511,989
Increase in stocks	(194,940)	(141,470)
Decrease/(increase) in debtors	79,309	(95,489)
(Decrease)/increase in creditors	(400,698)	337,844
Corporation tax paid	(270,916)	(394,416)
Net cash generated from operating activities	6,904,890	6,323,567
Cash flows from investing activities		
Purchase of intangible fixed assets	(30,600)	(30,000)
Purchase of tangible fixed assets	(440,320)	(1,083,117)
Sale of tangible fixed assets	2,616,561	1,118,258
Hire purchase interest paid	(461,697)	(495,773)
Net cash generated from/(used in) investing activities	1,683,944	(490,632)
Cash flows from financing activities		
Repayments of hire purchase contracts	(5,925,441)	(5,999,626)
Dividends paid	(490,936)	(653,899)
Other interest paid	(92,112)	(12,738)
Net cash used in financing activities	(6,508,489)	(6,666,263)
Net increase/(decrease) in cash and cash equivalents	2,080,345	(833,328)
Cash and cash equivalents at beginning of year	699,529	1,532,857
Cash and cash equivalents at the end of year	2,779,874	699,529

MARCOL LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	2021 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,779,874	699,529
	<u>2,779,874</u>	<u>699,529</u>

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2022

	At 1 July 2021 £	Cash flows £	New hire purchase £	At 30 June 2022 £
Cash at bank and in hand	699,529	2,080,345	-	2,779,874
Hire purchase contracts	(15,075,513)	5,925,441	(9,413,945)	(18,564,017)
	<u>(14,375,984)</u>	<u>8,005,786</u>	<u>(9,413,945)</u>	<u>(15,784,143)</u>

The notes on pages 13 to 26 form part of these financial statements.

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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 2022**

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 and the furlough scheme in the prior year. The income from the furlough scheme was recognised within other operating income.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

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.

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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

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 contracts 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.

2.19 Fleet maintenance costs

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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:

	2022 £	2021 £
Goods	2,068,551	2,141,406
Services	13,496,235	12,509,217
	<u>15,564,786</u>	<u>14,650,623</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Coronavirus Job Retention Scheme	-	49,072
	<u>-</u>	<u>49,072</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Fees payable to the Company auditors for the audit of the Company's annual accounts	17,000	10,000
Fees payable to the Company auditors for non-audit services	7,000	5,370
Operating lease payments	36,000	36,000
Depreciation of tangible fixed assets	4,810,449	4,522,123
Amortisation of intangible assets	35,420	29,300
Impairment of investments	5,487	251,839
Profit on disposal of tangible fixed assets	(966,897)	(228,314)

7. Employees

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

	2022 £	2021 £
Wages and salaries	709,587	772,940
Social security costs	75,798	72,750
Cost of defined contribution scheme	119,963	86,656
	<u>905,348</u>	<u>932,346</u>

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

	2022 No.	2021 No.
Direct	15	9
Administration	7	11
Directors	6	6
	<u>28</u>	<u>26</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	275,397	423,549
Company contributions to defined contribution pension schemes	32,600	30,833
	<u>307,997</u>	<u>454,382</u>

During the year retirement benefits were accruing to 5 Directors (2021 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration, excluding pension contributions, of £53,997 (2021 - £116,211).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £3,000 (2021 - £18,833).

Included within Directors' remuneration during the year is £15,000 (2021 - £Nil) in respect of compensation for loss of office.

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	-	60
Hire purchase contracts	461,697	495,773
Other interest payable	92,112	12,678
	<u>553,809</u>	<u>508,511</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	428,890	284,524
Adjustments in respect of previous periods	(34,990)	(7,876)
Total current tax	<u>393,900</u>	<u>276,648</u>
Deferred tax		
Origination and reversal of timing differences (Note 22)	354,871	235,341
Total deferred tax	<u>354,871</u>	<u>235,341</u>
Taxation on profit on ordinary activities	<u>748,771</u>	<u>511,989</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>3,253,867</u>	<u>1,533,639</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	618,235	291,391
Effects of:		
Expenses not deductible for tax purposes	83,507	83,050
Adjustments to tax charge in respect of prior periods	(34,990)	(7,876)
Variances in tax rates	85,169	136,946
Other differences	(3,150)	8,478
Total tax charge for the year	<u>748,771</u>	<u>511,989</u>

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%.

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Dividends

	2022 £	2021 £
Dividends	490,936	653,899

12. Intangible assets

	Computer software £
Cost	
At 1 July 2021	146,500
Additions	30,600
At 30 June 2022	177,100
Amortisation	
At 1 July 2021	86,295
Charge for the year	35,420
At 30 June 2022	121,715
Net book value	
At 30 June 2022	55,385
At 30 June 2021	60,205

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Total £
Cost			
At 1 July 2021	280,138	36,952,238	37,232,376
Additions	33,966	9,820,299	9,854,265
Disposals	-	(5,188,064)	(5,188,064)
At 30 June 2022	<u>314,104</u>	<u>41,584,473</u>	<u>41,898,577</u>
Depreciation			
At 1 July 2021	272,735	16,871,200	17,143,935
Charge for the year	6,824	4,803,625	4,810,449
Disposals	-	(3,538,400)	(3,538,400)
At 30 June 2022	<u>279,559</u>	<u>18,136,425</u>	<u>18,415,984</u>
Net book value			
At 30 June 2022	<u>34,545</u>	<u>23,448,048</u>	<u>23,482,593</u>
At 30 June 2021	<u>7,403</u>	<u>20,081,038</u>	<u>20,088,441</u>

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

	2022 £	2021 £
Motor vehicles	<u>19,975,516</u>	<u>17,592,294</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Fixed asset investments

	Unlisted investments £
Cost	
At 1 July 2021	293,291
At 30 June 2022	<u>293,291</u>
Impairment	
At 1 July 2021	293,291
At 30 June 2022	<u>293,291</u>
Net book value	
At 30 June 2022	<u>-</u>
At 30 June 2021	<u>-</u>

15. Stocks

	2022 £	2021 £
Vehicles for sale	380,980	188,289
Fuel	41,809	36,310
Consumables	21,371	24,621
	<u>444,160</u>	<u>249,220</u>

16. Debtors

	2022 £	2021 £
Trade debtors	1,466,879	1,686,251
Other debtors	159,449	0,004
Prepayments	119,642	130,424
	<u>1,745,970</u>	<u>1,825,279</u>

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

17. Current asset investments

	2022 £	2021 £
Unlisted investments	-	5,487

18. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,779,874	699,529

19. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	677,273	1,081,735
Corporation tax	678,424	555,440
Other taxation and social security	23,586	197,423
Obligations under hire purchase contracts (note 21)	5,583,110	5,594,495
Other creditors	667,383	486,990
Accruals and deferred income	14,987	17,779
	<u>7,644,763</u>	<u>7,933,862</u>

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

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

	2022 £	2021 £
Obligations under hire purchase contracts (note 21)	<u>12,980,907</u>	<u>9,481,018</u>

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 2022**

21. Hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	5,583,110	5,594,495
Later than 1 year	12,980,907	9,481,018
	<u>18,564,017</u>	<u>15,075,513</u>

22. Deferred taxation

	2022 £	2021 £
At beginning of year	(624,070)	(388,729)
Charged to profit or loss	(354,871)	(235,341)
At end of year	<u>(978,941)</u>	<u>(624,070)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>(978,941)</u>	<u>(624,070)</u>

23. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
42,750 (2021 - 42,750) Ordinary A shares of £0.001 each	43	43
57,250 (2021 - 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.

MARCOL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

24. Reserves**Profit & loss account**

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

25. Related party transactions**The Fleet Auction Group Limited**

During the year the Company sold goods and services to the value of £2,600,214 (2021 - £1,132,732) and purchased goods and services to the value of £220,977 (2021 - £282,502) from Marcol Limited, a Company of which M S Betts is a shareholder and Director. An amount of £29,683 (2021 - £103,762) was owed to Marcol Limited at the year end.

Marcol Limited Pension Scheme

During the year rent was paid to the Company's pension scheme to the amount of £36,000 (2021 - £36,000).

Directors of the Company

At the year end £20,830 (2021 - £82,588) was owed to M S Betts. During the year advances amounted to £1,604,186 (2021 - £616,573) and repayments of £1,542,428 (2021 - £626,014) were paid from/to the Company.

At the year end £Nil (2021 - £300) was owed to K A Bellwood. During the year advances amounted to £10,500 (2021 - £18,407) and repayments of £10,200 (2021 - £18,707) were paid from/to the Company.

At the year end £Nil (2021 - £2,610) was owed to M O Ward. During the year advances amounted to £206,684 (2021 - £339,313) and repayments of £204,074 (2021 - £273,605) were paid from/to the Company.

At the year end £Nil (2021 - £24,500) was owed to N J Rowell. During the year advances amounted to £24,500 (2021 - £Nil) and repayments of £Nil (2021 - £24,500) were paid from/to the Company.

At the year end £Nil (2021 - £10,500) was owed to S R Bannister. During the year advances amounted to £24,669 (2021 - £Nil) and repayments of £14,169 (2021 - £10,500) were paid from/to the Company.

The Director's loans are interest free and repayable on demand.

Directors dividends

During the year, dividends of £490,936 (2021 - £653,899) were paid to Directors.

26. Ultimate controlling party

The ultimate controlling party of the Company is M S Betts.