COMPANY REGISTRATION NUMBER 02661432

Marshall Land Systems Limited

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

Marshall Land Systems Limited

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

CONTENTS

Marshall Land Systems Limited

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors	R.D. Cutting A.D. McPhee G.J.S. Moynehan
Company secretary	S.J. Moynihan
Registered office	Airport House The Airport Cambridge CB5 8RY
Auditor	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ
Bankers	Barclays Bank Plc 9-11 St Andrews Street Cambridge CB2 3AA
Solicitors	Eversheds LLP Kett House Station Road Cambridge CB1 2JY

Marshall Land Systems Limited

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The directors of Marshall Land Systems Limited ("the company") present their report and financial statements containing a strategic report, directors' report and the financial statements for the year ended 31 December 2019.

Principal Activity

The principal activity of the company during the year was a military equipment provider focused on providing operational capability for the UK Ministry of Defence and other international governments, either directly or through sub-contracts with other aerospace & defence industry companies. Products are provided for deployable operations such as command and control shelters, medical facilities and specialist workshops. The products are particularly applicable to environments with demanding user requirements and climatic extremes. The products are backed up with exemplary customer service and comprehensive through life support.

Key Performance Indicators

The company's financial performance is assessed primarily by turnover and profit before tax, however the company uses other key performance indicators to monitor performance and to drive improvement through the business. These are reported in management accounts and reviewed regularly at Board and other management meetings.

	2019	**2018**
Turnover (£000's)	26,886	22,000
Gross profit as % of sales	29%	32%
Profit before tax (£000's)	2,799	661
Order intake (£000's)	71,729	138,574
Current assets as a % of current liabilities	202%	226%
Average number of employees	199	172

- The increase in turnover was primarily driven by the commencement of recently secured high value contracts, offsetting natural fluctuations in the existing business.
- Gross profit as a percentage of sales decreased as a result of the introduction of larger contracts operating at higher volumes, but lower gross margins than the existing business.
- Order intake decreased by £67 million in 2019, however this was fully expected given the significant success achieved in 2018. 2019 order intake budget level was achieved and will continue to support future growth of the business.
- Current assets as a percentage of current liabilities decreased by 24% compared with 2018. The business continues to hold a net current asset position which has increased by 25% (£2.4m).
- The average number of employees increased in 2019 and is reflective of the growth in the business during the year.

Business Review

Profit before tax was £2,799,323 (2018: £661,207). Gross profit percentage decreased by three percentage points to 29% (2018: 32%) as the business moves towards larger volume production contracts, which generate increased econcomies of scale across the full cost base of the business and therefore drive an improvement in the return on sales at the net profit level.

The business built upon the significant order capture success achieved in 2018 with significant additional orders on a large deployable infrastructure programme with the Netherlands Government and also secured a multi-year vehicle integration project with the UK Ministry of Defence. Securing these orders will further support the transformation of the business into a manufacturer of large volume contracts and secures the future order book of the Company with associated long-term support contracts.

A key focus during 2019 was to mobilise the business operationally to deliver the scale increases necessary to deliver the growth driven by the significant new orders secured in 2018 and 2019. There has been a coordinated increase in headcount, facilities and capabilities during 2019 in order to successfully deliver our contractual obligations and support the transformation of the business.

The company continues to have access to sufficient working capital to allow it to continue trading effectively for the foreseeable future and continue to deliver against the strategic plan.

Future Developments

The business continues to grow in core markets of CBRN, military medical, C2ISR on deployable infrastructure and vehicle integration platforms, both as the prime contractor and tier 1 partner of choice or strategic support supplier. Customer Support will continue to develop the managed service offering, thereby delivering to the customer increased value added services over the equipment lifecycle. The company is developing through growth of strategic relationships with key partners and through exploiting capabilities and knowledge to provide an increased value proposition.

Principal Risks and Uncertainties

The company has implemented a co-ordinated set of risk management and control systems as part of the Marshall Aerospace and Defence Group. This includes strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. The following principal risks have been identified:

Coronavirus / COVID-19

Following the emergence of the COVID-19 pandemic in early 2020, all businesses have been subject to either direct impact through reduced customer demand for services or operational disruption caused by the need to facilitate increased working from home and absence amongst its workforce. The nature of the sector in which the company operates means that we have not seen, nor do we expect to see, any significant change in the demand for our services as a result of COVID-19 and therefore do not anticipate any material impact on our revenue streams. Our primary risk is therefore ensuring that we are able to continue to support customers by managing our workforce to support increased home working and to cope with increased sickness absence from our employees. Appropriate actions have been implemented to prioritise operational activities across the company, creating sufficient additional bandwidth to cope with increased sickness absence and also alleviate the burdens on technical infrastructure bandwidth necessary to support the significant expected increase in working from home. We also continue to work with our supply chain partners to ensure we do not suffer indirect disruption as a result of their responses to the COVID-19 pandemic. In the event that the reasonably foreseeable operational disruption does cause an impact on cash flow, the Directors have considered the facilities available to it under the Group Treasury arrangements in place with its ultimate parent company, Marshall of Cambridge (Holdings) Limited, and are satisfied that these are sufficient and appropriate to ensure the company can continue to operate effectively. Further disclosure on these risks is given in Note 1 of these financial statements.

Failure to maintain and grow a sustainable order book

The company has built upon significant order book success in 2018 by securing further contract extensions on key contracts, whilst simultaneously securing a further high value design and manufacturing order. This keeps the business on track for the strategic target to secure at least one significant contract each year. The more structured approach to bidding for order pipeline opportunities has given us increased confidence in continuing to achieve the target going forward.

Inadequate employee skills and experience and loss of key staff

People are the company's key asset and it invests a tremendous amount to ensure that it is not exposed to skill shortages in the business and that its staff are trained to an excellent standard. The company has a detailed people agenda and with a current focus on talent management, skill development, flexible benefits and terms & conditions harmonisation, the latter particularly designed to encourage improved employee engagement.

Failure to deliver effective working capital management

The underlying risk environment has not altered significantly since the prior year. However, our growth aspirations will naturally place more emphasis on effective working capital management in order to maintain our ability to effectively service these contracts. Accordingly, the company continues to manage working capital closely and work with customers during programme procurement to ensure programme cash profiles are balanced across the project portfolio.

Principal Risks and Uncertainties (continued)

Cyber Security
Risks and incidents in the area of cyber security are well publicised in the press. However, the company operates within a market sector that is susceptible to malicious acts initiated by highly capable and well funded operations which, potentially, could ultimately be backed by nation states. Accordingly, the underlying threat profile faced by the organisation is deemed sufficiently significant that it is considered a key business risk. The company mitigates its risk in this area by running a rolling cyber security strategy programme which regularly reviews the risk profile and identifies potential control gaps and the remedial action necessary to address them prior to their exploitation.

Business disruption / safety issue caused by malicious act or breach of physical security
The nature of the company's business means that safety concerns are integral and critical to its operational effectiveness. Managing risks which could contribute to events in these areas has been, and continues to be, core to the company's operational procedures and is monitored on a regular basis at a board level.

Exchange rate and credit risk
The company is exposed to exchange rate variations in both customer and supplier contracts; an imbalance in these could lead to significant exchange rate risk exposure. The company uses foreign exchange hedging instruments to mitigate this risk on a case by case basis.

The directors have considered the impact and have appropriate plans to mitigate credit risk on the business and, given the nature of the company's customer base, do not consider it to be significant.

Liquidity and cash flow risk
Liquidity and cash flow risks relate to the ability to pay for goods and services required by the company to trade on a day to day basis. The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements coordinated by the company's immediate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its immediate parent and fellow group undertakings.

The directors have considered the current and future activities of the company, including cash forecasts for a period covering at least the next 12 months, and do not consider the liquidity and cash flow risks to be significant.

SECTION 172
From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how Marshall of Cambridge (Holdings) Limited (the "Group") board has considered the matters set out in s172 (for the group and for the entity) is set out in the group's annual report, which does not form part of this report.

Signed by order of the board of directors

DocuSigned by:
Sarah Moynihan
E471CBFC802F47C...

S.J. Moynihan
Company Secretary

Approved by the directors on 23 April 2020

23/04/2020

Marshall Land Systems Limited

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

The directors present their Report and Financial Statements of the company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The company made a profit after tax of £2,254,465 (2018: £532,432) for the year. The directors do not recommend the payment of a dividend (2018: £nil).

DIRECTORS

The directors who served the company during the year and to the date of this report, except as stated otherwise, were as follows:

R.D. Cutting
G.J.S. Moynehan
A.D. McPhee

A.D. McPhee and G.J.S Moynehan are also directors of other subsidiary undertakings of the ultimate parent company. No other directors hold an interest in the share capital of the company or of any other group company during the year.

None of the directors holding office at 31 December 2019 had notified a beneficial interest in any contract to which the company or its fellow group undertakings were a party during the financial year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The ultimate parent company purchased and maintained a directors' and officers' liability insurance policy throughout the year. Although a director's defence costs may be met, neither the ultimate parent company's indemnity nor insurance provides cover in the event that he is proved to have acted fraudulently or dishonestly.

EMPLOYEE ENGAGEMENT

From the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the Group's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The board of the company has also considered relevant matters where appropriate. An explanation of how the group board has carried out these responsibilities (for the group and for the entity) is set out the group's annual report, which does not form part of this report.

STAKEHOLDER ENGAGEMENT

Similarly, from the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the group board have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is set out (for the group and for the entity) in the group's annual report, which does not form part of this report.

GOING CONCERN

The company participates in the group treasury arrangements of Marshall of Cambridge (Holdings) Limited (MCH), the company's immediate and ultimate parent undertaking. Under this arrangement, it has access to and shares banking arrangements and facilities with MCH and fellow group undertakings.

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern for the foreseeable future and for at least 12 months from signing of the Annual Report. Nevertheless, the business expects a potential net cash outflow in the next 12 months due to the planned unwind of previous advance payments from customers and growth in working capital to support the key contracts secured over the preceding 18 months.

GOING CONCERN (continued)

The company will therefore need to continue to draw on the banking facilities made available to it by its ultimate parent company and has received a letter of support from its ultimate parent, MCH, which provides support conditional on the ultimate parent being able to provide such support. Thus, the directors of the company consider that conditional support to be a material uncertainty that may cast significant doubt over the company's ability to continue as going concern.

In relation to that support the MCH directors have assessed the potential impact of the COVID-19 pandemic as part of their going concern assessment of the MCH Group. In doing so, the MCH directors have modelled scenarios and stress tests representing a period of disruption to 30 June 2020 of the MCH Core Group, being the MCH Group excluding the Marshall Motor Holdings Group. These models take account of the MCH Core Group's mitigating actions and support from the government, but under stress show substantially reduced facility headroom and the risk of covenant breach on the Core Group facilities.

Having assessed the combination of these scenarios, the MCH directors have a reasonable expectation that the MCH Core Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the company's financial statements and provide support necessary for the company. In forming this conclusion, the MCH Board made significant judgements about:

- the forecast cash requirements of the MCH Core Group's businesses given the uncertainty of the duration of the impact of COVID-19 on those businesses through lost revenue and the reliance on forecast government support and mitigating actions; and
- the continued availability of current and accordion Core Group bank facilities in the knowledge that this could be reliant upon continued waiver of debt covenants which, in some scenarios, are forecast to be breached.

Each of these significant judgements represent material uncertainties that may cast significant doubt on the MCH Core Group's ability to continue as a going concern. The MCH directors have been able to conclude that whilst the MCH Core Group is currently reliant upon continued support from its bankers, there is a reasonable basis to presume that the MCH Core Group will continue as a going concern, subject to the material uncertainties described above.

Subject to the material uncertainties noted above in relation to the conditional letter of support from MCH and the ability of MCH to provide that support, the directors of the company continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

RESEARCH AND DEVELOPMENT

The company continues to be committed to research and development in support of its strategy and objectives and undertakes work in these areas whenever it is anticipated that a competitive advantage is to be achieved in terms of its chosen markets.

CHARITABLE DONATIONS

The company made no charitable donations during the year (2018: £nil).

EMPLOYEE PARTICIPATION

The company recognises the importance of good communications and relations with its employees and the requirements of the Information and Consultation of Employees Regulations 2004. It is company policy to keep employees as fully informed as possible on matters which affect them through communication procedures, which include regular briefings, consultative committees and through its regular newsletter. These arrangements are continually being reviewed and updated to ensure the company meets the latest standards.

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Marshall Land Systems Limited

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

EQUAL OPPORTUNITIES

The company is committed to its Equal Opportunities policy covering recruitment, training and development, performance review and career progression. The company recognises the diversity of its employees and seeks to use their talents and abilities to the full. This approach extends to the fair treatment of employees with disabilities in relation to their recruitment, training and development. Full consideration is given to the retention of employees who become disabled during employment.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the company.

Signed by order of the board of directors

DocuSigned by:
Sarah Moynihan
E471CBFC802F47C...

S.J. Moynihan
Company Secretary
Approved by the directors on 23 April 2020.

23/04/2020

Marshall Land Systems Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2019

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 the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARSHALL LAND SYSTEMS LIMITED

Opinion

We have audited the financial statements of Marshall Land Systems Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23, 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 company's affairs as at 31 December 2019 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 below. 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.

Material uncertainties related to going concern

We draw attention to Notes 1 and 23 in the financial statements, which describe material uncertainties relating to the ultimate parent company's ability to provide continuing financial support for which the company is reliant.

As stated in Note 1, these events or conditions, indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARSHALL LAND SYSTEMS LIMITED *(continued)*

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 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 statement of directors' responsibilities set out on page 8, 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 these financial statements.

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

Use of our 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 Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK
29 April 2020

Marshall Land Systems Limited

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
TURNOVER	2	26,885,961	21,999,635
Cost of sales		(19,166,925)	(14,851,891)
GROSS PROFIT		7,719,036	7,147,744
Administrative expenses		(5,040,618)	(6,602,086)
Other operating income	4	80,756	62,017
OPERATING PROFIT	3	2,759,174	607,675
Interest receivable and similar income	7	40,149	53,532
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,799,323	661,207
Tax on profit on ordinary activities	8	(544,858)	(128,775)
PROFIT FOR THE FINANCIAL YEAR		2,254,465	532,432

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

The notes on pages 15 to 27 form part of the Report and Financial Statements.

Marshall Land Systems Limited

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
PROFIT FOR THE FINANCIAL YEAR	2,254,465	532,432
Fair value gain recognised on cash flow hedges (note 20)	2,043,948	2,228,080
Income tax relating to components of other comprehensive income (note 8b)	(347,471)	(378,774)
TOTAL OTHER COMPREHENSIVE INCOME	1,696,477	1,849,306
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	3,950,942	2,381,738

The notes on pages 15 to 27 form part of the Report and Financial Statements.

Marshall Land Systems Limited

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	2,395,256	585,419
Investments	10	-	-
		2,395,256	585,419
CURRENT ASSETS			
Stocks	11	4,974,486	1,931,890
Debtors	12	17,823,689	14,111,437
Cash at bank		960,860	1,224,724
		23,759,035	17,268,051
CREDITORS: Amounts falling due within one year	13	(11,717,954)	(7,659,296)
NET CURRENT ASSETS		12,041,081	9,608,755
TOTAL ASSETS LESS CURRENT LIABILITIES		14,436,337	10,194,174
PROVISION FOR LIABILITIES	15	(806,590)	(515,369)
NET ASSETS		13,629,747	9,678,805
CAPITAL AND RESERVES			
Called up share capital	19	12,000,000	12,000,000
Cash flow hedge reserve	20	3,545,783	1,849,306
Profit and loss account		(1,916,036)	(4,170,501)
SHAREHOLDER'S FUNDS		13,629,747	9,678,805

The Report and Financial Statements were approved by the directors and authorised for issue on 23 April 2020 and are signed on their behalf by:

DocuSigned by:
Gary Moynehan
69737C085102461...

G.J.S. Moynehan
Director

Company Registration Number: 2661432
23/04/2020

The notes on pages 15 to 27 form part of the Report and Financial Statements.

Marshall Land Systems Limited

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Share capital	Cash flow hedge reserve (see note 20)	Profit and loss account	Total share-holder's funds
	£	£	£	£
Balance brought forward 1 January 2018	12,000,000	-	(4,702,933)	7,297,067
Profit for the financial year	-	-	532,432	532,432
Other comprehensive income, net of tax	-	1,849,306	-	1,849,306
Total comprehensive income for the year	-	1,849,306	(532,432)	2,381,738
Balance brought forward 1 January 2019	12,000,000	1,849,306	(4,170,501)	9,678,805
Profit for the financial year	-	-	2,254,465	2,254,465
Other comprehensive income, net of tax	-	1,696,477	-	1,696,477
Total comprehensive income for the year	-	1,696,477	2,254,465	3,950,942
Balance carried forward 31 December 2019	12,000,000	3,545,783	(1,916,036)	13,629,747

The notes on pages 15 to 27 form part of the Report and Financial Statements.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. **Accounting Policies**

(a) Statement of Compliance
Marshall Land Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is Airport House, The Airport, Cambridge, CB5 8RY.

The company's financial statements have been prepared in compliance with the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as it applies to the financial statements of the company for the year ended 31 December 2019.

(b) Basis of Preparation
The financial statements of the company were authorised for issue on 23 April 2020 by the board of directors. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

(c) Going Concern
The company participates in the group treasury arrangements of Marshall of Cambridge (Holdings) Limited (MCH), the company's immediate and ultimate parent undertaking. Under this arrangement, it has access to and shares banking arrangements and facilities with MCH and fellow group undertakings.

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern for the foreseeable future and for at least 12 months from signing of the Annual Report. Nevertheless, the business expects a potential net cash outflow in the next 12 months due to the planned unwind of previous advance payments from customers and growth in working capital to support the key contracts secured over the preceding 18 months.

The company will therefore need to continue to draw on the banking facilities made available to it by its ultimate parent company and has received a letter of support from its ultimate parent, MCH, which provides support conditional on the ultimate parent being able to provide such support. Thus, the directors of the company consider that conditional support to be a material uncertainty that may cast significant doubt over the company's ability to continue as going concern.

In relation to that support the MCH directors have assessed the potential impact of the COVID-19 pandemic as part of their going concern assessment of the MCH Group. In doing so, the MCH directors have modelled scenarios and stress tests representing a period of disruption to 30 June 2020 of the MCH Core Group, being the MCH Group excluding the Marshall Motor Holdings Group. These models take account of the MCH Core Group's mitigating actions and support from the government, but under stress show substantially reduced facility headroom and the risk of covenant breach on the Core Group facilities.

Having assessed the combination of these scenarios, the MCH directors have a reasonable expectation that the MCH Core Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the company's financial statements and provide support necessary for the company. In forming this conclusion, the MCH Board made significant judgements about:

- the forecast cash requirements of the MCH Core Group's businesses given the uncertainty of the duration of the impact of COVID-19 on those businesses through lost revenue and the reliance on forecast government support and mitigating actions; and
- the continued availability of current and accordion Core Group bank facilities in the knowledge that this could be reliant upon continued waiver of debt covenants which, in some scenarios, are forecast to be breached.

Each of these significant judgements represent material uncertainties that may cast significant doubt on the MCH Core Group's ability to continue as a going concern. The MCH directors have been able to conclude that whilst the MCH Core Group is currently reliant upon continued support from its bankers, there is a reasonable basis to presume that the MCH Core Group will continue as a going concern, subject to the material uncertainties described above.

1. **Accounting Policies** *(continued)*

(c) Going Concern *(continued)*
Subject to the material uncertainties noted above in relation to the conditional letter of support from MCH and the ability of MCH to provide that support, the directors of the company continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

(d) Consolidation
In accordance with section 400 of the Companies Act 2006 consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Marshall of Cambridge (Holdings) Limited, the ultimate parent company of the group, which is registered in England and Wales, for which consolidated financial statements are publicly available. These financial statements therefore present information about the company alone and not about its group.

(e) Exemptions for Qualifying Entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

(a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
(b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
(c) The requirements of Section 11, paragraphs 11.39 to 11.48A and Section 12, paragraphs 12.26 to 12.29A;
(d) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
(e) The requirements of Section 33 Related Party Disclosures paragraph 33.7.

(f) Research and Development
Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset where the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

(g) Research and Development Expenditure Credits
Research and development expenditure credits are recognised based on the level of qualifying research and development expenditure incurred by the company. Expenditure credits are either used to reduce the tax charge incurred by the company or, where the company is loss making, group relieved to other companies within the Marshall of Cambridge (Holdings) Limited group.

(h) Judgements and Key Sources of Estimation Uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

1. **Accounting Policies** *(continued)*

(h) Judgements and Key Sources of Estimation Uncertainty *(continued)*
The following are the company's key sources of estimation uncertainty:

Turnover
Turnover on long term contracts is recognised by reference to the stage of completion of contract activity, and therefore is sensitive to the ability to reliably assess this stage of completion. This is normally based on the costs incurred to date as a proportion of total anticipated contract costs, however if this does not accurately reflect the stage of completion then an alternative approach is used instead. In making the assessment of costs to complete the contract, management considers not only specific forecast costs but also the level of risk on the programme. In addition, if the final outcome of a contract cannot be reliably assessed, revenue recognition is limited to the level of costs incurred until such time that the contract has progressed sufficiently to make profit recognition appropriate. Where a contract is forecast to be loss making, full provision is made for such losses in the first year in which they are foreseen.

Warranty provisions
The company offers a warranty on products sold to customers. As such, it is necessary to consider the expected future costs that will be incurred in meeting this warranty obligation and the associated warranty provision required. When calculating the warranty provision, management considers the specific warranty terms offered to customers, as well as both historic rates of warranty claims and any specific known issues of which management is aware. See note 15 for details of the warranty provision.

Research and development expenditure credits
The company recognises research and development expenditure credits receivable based on reasonable estimates, informed by the relevant tax legislation. Management estimated is required to determine the amount of tax credit that can be recognised, based upon the level of qualifying research and development activity undertaken by the company.

(i) Tangible Fixed Assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its useful economic life as follows:

Plant & machinery	3 - 8 years
Motor vehicles	3 years

Depreciation is provided when the assets are available for use.

The carrying values of tangible fixed assets are reviewed for impairment when events of changes in circumstances indicate the carrying value may not be recoverable.

(j) Turnover
Turnover comprises the invoiced value of goods and services supplied by the company excluding trade discounts and value added tax. Turnover relating to long-term contracts represents the value of work performed during the year determined by reference to the stage of completion of the contract.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The specific methods used to recognise the different forms of revenue earned by the company are set out below.

i) Sale of goods
Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

1. Accounting Policies *(continued)*

(j) Turnover *(continued)*

ii) Long-term contracts

Turnover from long-term contracts is recognised by reference to the stage of completion of contract activity at the year end date. This is normally determined by the proportion that contract costs incurred to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. If the nature of a particular contract means that costs incurred do not accurately reflect the progress of contract activity, an alternative approach is used such as the achievement of pre-determined contract milestones.

Revenue in respect of variations to contracts, claims and incentive payments are recognised when it is highly likely that it will be agreed by the customer. Profit attributable to long-term contracts is recognised if the final outcome of such contracts can be reliably assessed. On all contracts, full provision is made for any losses in the year in which they are first foreseen.

iii) Rendering of services

Turnover from the provision of services is recognised as the contract activity progresses to reflect performance of the underlying contractual obligations.

(k) Investments

Investments are stated at cost less provision for diminution in value.

(l) Stocks And Work In Progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

(m) Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

(n) Foreign Currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(o) Derivative Financial Instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit and loss. Derivatives are carried as assets where the fair value is positive and as liabilities where the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Changes in the value of derivatives are recognised in profit or loss within administrative expenses, except where they have been designated as qualifying cash flow hedges. Gains or losses on derivatives designated as cash flow hedges are initially recognised within other comprehensive income, and subsequently recycled to profit or loss when the derivative is settled.

1. **Accounting Policies** *(continued)*

(p) Pension Costs
Marshall of Cambridge (Holdings) Limited group operates a number of different pension funds, including both defined contribution and defined benefit schemes, for the employees of the group. The assets of all the schemes are held in independently administered trust funds. The employees of the company are only members of the defined contribution schemes, and contributions are recognised in the profit and loss account in the period in which they become payable.

(q) Provisions for Liabilities
A warranty provision is recognised when the company has a legal or constructive obligation to make repairs or replace goods as a result of sales made under warranty and it is probable that an outflow of economic benefits will be required to settle the obligation.

(r) Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(s) Deferred Taxation
Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability / (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period end date.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of valued added tax.

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical destination is given below:

	2019	2018
	£	£
United Kingdom	14,967,027	18,396,933
Europe	8,604,263	765,258
North America	2,355,821	1,819,316
Rest of World	958,850	1,018,128
	26,885,961	21,999,635

3. Operating Profit

Operating profit is stated after charging / (crediting):

	2019	2018
	£	£
Depreciation of owned tangible fixed assets (note 9)	174,628	101,502
Operating lease costs:		
- Plant and equipment	-	7,719
- Land and buildings	712,444	613,817
Foreign exchange losses/(gains)	162,864	(96,285)
Corporate management charges	2,013,721	2,766,483
Audit of the financial staements of the company	53,708	40,363

4. Other Operating Income

	2019	2018
	£	£
Research and development expenditure credits	80,756	62,017

5. Staff Costs

The average monthly number of employees (including executive directors) of the company during the financial year was:

	2019 No.	2018 No.
Production	130	115
Administration and management	69	57
	199	172

The aggregate payroll costs of the above were:

	2019 £	2018 £
Wages and salaries	7,476,170	6,001,210
Social security costs	784,357	634,046
Pension costs (note 14)	752,144	586,092
	9,012,671	7,221,348

6. Directors' Remuneration

A. D. McPhee and G. J. S. Moynehan are also directors of Marshall of Cambridge Aerospace Limited, a fellow group undertaking; R. D. Cutting is an employee of Marshall of Cambridge Aerospace Limited. The directors do not believe that it is practicable to apportion the total remuneration between their services as directors of the company and their services as directors or employees of fellow subsidiary undertakings. The total remuneration of A.D. McPhee, G.J.S. Moynehan and R.D. Cutting is disclosed within the financial statements of Marshall of Cambridge Aerospace Limited. A management charge of £2,013,721 (2018: £2,766,483) has been made by Marshall of Cambridge Aerospace Limited, which includes a proportion of the directors' emoluments.

7. Interest Receivable and Similar Income

	2019 £	2018 £
Interest receivable from ultimate parent undertaking	40,149	53,532

8. Tax on Profit on Ordinary Activities

(a) Analysis of charge in the year

	2019 £	2018 £
Current tax:		
UK Taxation		
UK corporation tax based on the profit for the year at 19.00% (2018: 19.00%)	17,341	39,248
Adjustment in respect of prior years	24,308	(160,376)
Group relief	469,240	50,227
Double Tax Relief	(17,341)	-
	493,548	(70,901)
Foreign tax		
Current tax on income for the year	20,992	-
Adjustment in respect of prior years	-	27,035
Total current tax	514,540	(43,866)
Deferred tax:		
Origination and reversal of timing differences	38,115	28,620
Adjustment in respect of prior years	(7,797)	144,021
Total deferred tax	30,318	172,641
Tax on profit on ordinary activities	544,858	128,775

(b) Tax included in other comprehensive income

	2019 £	2018 £
Deferred tax		
Total tax charge included in other comprehensive income	347,471	378,774

(c) Factors affecting current tax credit

The UK standard rate of corporation tax is 19.00% (2018: 19.00%). The actual tax charge for the current and previous year varies from the standard rate for reasons set out in the following reconciliation:

	2019 £	2018 £
Profit on ordinary activities before taxation	2,799,323	661,207
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19.00% (2018: 19%)	531,871	125,629
Expenses not deductible for tax purposes	12,653	7,036
Income not taxable	(15,344)	(11,783)
Adjustment in respect of prior years	16,511	10,681
Effect of tax rate changes	(4,484)	(2,788)
Higher taxes on overseas earnings	3,651	-
Total tax charge (note 8(a))	544,858	128,775

8. Tax on Profit on Ordinary Activities *(continued)*

(d) Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2018: 19.00%). Finance Act 2016 enacted reductions in the UK corporation tax rate to 17% with effect from 1 April 2020.

During the year beginning 1 January 2020, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £20,491.

9. Tangible Fixed Assets

	Plant & machinery £	Motor vehicles £	AICC £	Total £
Cost				
At 1 January 2019	6,331,057	95,931		6,426,988
Additions	1,314,154	-	670,311	1,984,465
Disposals	(361,296)	(9,287)		(370,583)
At 31 December 2019	7,283,915	86,644	670,311	8,040,870
Depreciation				
At 1 January 2019	5,746,904	94,665	-	5,841,569
Charge for the year	173,362	1,266	-	174,628
Disposals	(361,296)	(9,287)	-	(370,583)
At 31 December 2019	5,558,970	86,644	-	5,645,614
Net Book Value				
At 31 December 2019	1,724,945	-	670,311	2,395,256
At 31 December 2018	584,153	1,266	-	585,419

Assets in the course of construction ("AICC") relate to a major programme with an upgrade to production line staging.

10. Investments

	Shares in group company £
Cost	
At 1 January 2019 and at 31 December 2019	325,000
Amounts provided	
At 1 January 2019 and at 31 December 2019	325,000
Net book value	
At 31 December 2019 and at 31 December 2018	-

At 31 December 2019 the company owns 100% of the issued ordinary share capital of the following company:

Company	Country of registration or incorporation	Class of shares held	%
Marshall Specialist Vehicles Limited	England and Wales	Ordinary	100

Marshall Specialist Vehicles Limited is a non-trading company. During the year ended 31 December 2019 the subsidiary made a post tax profit of £nil (2018: £nil) and held capital and reserves at 31 December 2019 of deficit £729,434 (2018: £729,434).

11. Stocks

	2019 £	2018 £
Raw materials	1,610,731	969,677
Work in progress	3,359,238	917,561
Finished goods	4,517	44,652
	4,974,486	1,931,890

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the year were £9,785,807 (2018: £7,526,099).

The following amounts are recorded in respect of long term contracts:

	2019 £	2018 £
Gross amount due from customers for contract work included in debtors	3,085,881	1,826,967
Gross amount due to customers for contract work included in creditors	2,363,283	1,917,597

12. Debtors

	2019	2018
	£	£
Trade debtors	2,039,371	2,283,415
Amounts owed by group undertakings	7,936,633	7,385,321
Amounts recoverable on long term contracts	3,085,881	1,826,967
Other debtors	147,849	72,530
Prepayments and accrued income	341,927	300,872
Derivative financial instruments	4,272,028	2,228,080
Corporation tax receivable	-	14,252
	17,823,689	14,111,437

Amounts owed by group undertakings are repayable on demand. No interest is charged on balance.

13. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Payments received on account	2,363,283	1,917,597
Trade creditors	2,408,589	563,276
Amounts owed to group undertakings	4,766,986	3,149,514
Other tax and social security costs	613,115	666,246
Other creditors	113,862	139,341
Corporation tax payable	44,844	-
Accruals and deferred income	1,407,275	1,223,322
	11,717,954	7,659,296

Amounts owed to group undertakings are repayable on demand. No interest is charged on balance.

14. Pensions

The company participates in two of the pension schemes which are operated by Marshall of Cambridge (Holdings) Limited (the "Group") for the benefit of its employees, one of which has elements of both defined benefit and defined contribution, while the other is entirely defined contribution. All of the schemes are funded by the payment of contributions to trustee administered funds which are kept independently from the assets of the Group.

The contribution scheme, which covers 99% of Group scheme members, was established in 2018. The total pension cost for the year for the company in respect of defined contribution scheme was £752,144 (2018: £586,092).

The scheme which has elements of both defined benefit and defined contribution is known as the Marshall Group Executive Pension Plan (the "Plan"). The level of defined benefit pension contribution is determined with the advice of independent qualified actuaries. It is not possible to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The company is therefore accounting for the contributions to the scheme as if it were a contribution scheme. The total pension cost for the company in respect of this scheme was £nil (2018: £nil). As disclosed in the Group financial statements, there is a deficit on the scheme of £2,984,970 (2018: £9,860,075) as calculated in accordance with FRS 102, Section 28. Further disclosures can also be found in the Group's consolidated financial statements.

The total unpaid pension contributions outstanding at the year end, and included in other creditors, amounted to £475 (2018: £52,570).

15. Provision For Liabilities

	Warranty provision	Deferred tax (note 16)	Total
	£	£	£
Balance brought forward	220,742	294,627	515,369
Charge in the year	95,212	30,318	125,530
Amounts utilised in the year	(77,243)	-	(77,243)
Amounts reversed in the year	(104,537)	-	(104,537)
Other comprehensive income charge for the year	-	347,471	347,471
Balance carried forward	134,174	672,416	806,590

A provision of £95,212 had been recognised for expected warranty claims on products sold during the last financial year. £104,537 has been reversed during the year against provision brought forward. £77,243 has been utilised in year and it is expected that the remainder of this expenditure will be incurred in the next financial year.

16. Deferred Tax (Liability) / Asset

The balance of the deferred tax (liability) / asset consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Excess of depreciation over taxation allowances	50,541	80,789
Deferred tax on cash flow headge reserve	(726,245)	(378,774)
Other short term timing differences	3,288	3,358
	(672,416)	(294,627)

17. Commitments Under Operating Leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019		2018	
	Land and buildings	Plant & Machinery	Land and buildings	Plant & Machinery
	£	£	£	£
Within 1 year	775,319	-	613,817	-
Between 2 to 5 years	511,514	-	1,125,331	-
	1,286,833	-	1,739,148	-

18. Related Party Transactions

The company has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with fellow subsidiary undertakings of the Marshall of Cambridge (Holdings) Limited group.

19. Share Capital

Allotted, called up and fully paid:

	2019 £	2018 £
12,000,000 Ordinary shares of £1 each	12,000,000	12,000,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. Cash Flow Hedge Reserve

This reserve is used to record changes in the fair value of financial instruments designated as cash flow hedges.

21. Contingencies

The company has given various guarantees to its bankers, which at the year-end amounted to £888,282 (2018: £888,282).

22. Ultimate Parent Company and Controlling Party

The immediate parent undertaking is Marshall ADG Limited. The ultimate parent company and controlling party continues to be Marshall of Cambridge (Holdings) Limited.

The parent undertaking of the smallest and the largest group of undertakings for which consolidated financial statements are prepared and of which the company is a member is Marshall of Cambridge (Holdings) Limited, registered in England and Wales, and this is therefore considered to be the ultimate parent undertaking and also the ultimate controlling party. Copies of these consolidated financial statements can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.

23. Post balance sheet events

COVID 19
The Company's operational response to COVID-19 is set out on page 3 of the Strategic Report.

As the circumstances of the pandemic did not exist in the UK as at the balance sheet date, the implications of COVID-19 for the financial statements represent a non-adjusting post balance sheet event. The impact of the virus on the financial performance and position of the Group will be material and could include the following:

Impairment of non-current assets (including investments) – There is a heightened risk of impairment of non-current assets as a result of the impact of the COVID-19 pandemic however, it is not possible to estimate the impact upon the carrying value of non-current assets at this time given the uncertain duration and impact of the virus which are described on page 3 of the Strategic Report.

Deferred tax asset recognition - Deferred tax assets can only be recognised to the extent it is probable there will be future taxable profits. Subsequent to the balance sheet date, the Company has reviewed the current impact of COVID-19 on those future taxable profits and concluded that deferred tax assets can continue to be recognised in full.