

**Marco Gearing Limited**

**Annual report and financial statements**

**For the year ended 30 September 2018**

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<b>Marco Gearing Limited</b>
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**Company Information**

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<b>Directors</b>	Mr C E Jones Mr P G Merrick
<b>Registered number</b>	04412044
<b>Registered office</b>	Unit 8 Bryn Cefni Industrial Park, Llangefni Anglesey LL77 7XA
<b>Independent auditors</b>	Deloitte LLP Statutory Auditor 4 Brindley Place Birmingham B1 2HZ
<b>Bankers</b>	HSBC Bank PLC 274 High Street Bangor Gwynedd LL57 1RU
<b>Solicitors</b>	Eversheds LLP Eversheds House 70 Bridgewater Street Manchester M1 5ES

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<b>Marco Gearing Limited</b>
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## Marco Gearing Limited

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### Strategic report For the year ended 30 September 2018

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#### Business review

Marco Gearing Limited, trading as Marco Cable Management is a successful manufacturing business based on Anglesey and supplying a range of products to the Electrical Installation Sector through the national Electrical Wholesaler channel. We continue to manufacture and sell our main offerings, namely multi compartment uPVC cable trunking and steel wire cable tray, where we are one of the largest UK based manufacturer.

We continue to operate from two locations, and our products are aimed at the commercial and light industrial electrical market sectors. We aim for same day despatch of all orders, which means that we hold extensive stocks across all product ranges. Key Performance Indicators are in place to ensure that the Company meets and exceeds its key objectives. These KPI's are kept under regular review.

The general economic conditions, especially in the construction sector continued to be challenging during 2018, but notwithstanding those challenges, we achieved annual Turnover of £10.2M (FY17: £7.9M, based on 9 months) and Profit before Tax of £2.1M (FY17: £0.9M, based on 9 months).

The outlook for 2019 continues to be positive, despite all the continuing political activity.

During 2017 Marco was acquired by Unistrut Ltd, part of Atkore International Inc, a US based NYSE listed company. The acquisition supports Atkore's International Electrical Raceway strategy by expanding the product offering to the customer base.

#### Future prospects

Under Atkore's Ownership, the new Management at Marco are looking to invest in developing new product ranges to complement the existing portfolio.

#### Key performance indicators

The directors assess the performance of the business according to the following key performance indicators:

	2018	2017 (9 months Jan-Sep)	Comment:
Debtor Days	71.3	60.4	Change in customer mix
Stock turns	77.6	148.1	Improved focus on Stock
EBITDA Margin and Amortisation as a % of turnover	25.1%	14.1%	Improved cost management

#### Principal risks and uncertainties

The company uses various financial instruments; these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained, unchanged from previous years.

#### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

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<b>Marco Gearing Limited</b>
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**Strategic report (continued)**  
**For the year ended 30 September 2018**

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**Credit risk**

The company's principal financial assets are cash and trade debtors. The principal credit risk arises, therefore, from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis, in conjunction with debt ageing and collection history.

**Currency risk**

The company is exposed to translation and transaction foreign exchange risk. As far as possible, the assets held in foreign currency are matched to an appropriate level of borrowings in the same currency.

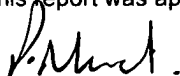
**Brexit**

The Directors continue to monitor the progress of the planned exit from the EU. Potential impact and associated risks and opportunities are constantly reviewed. At this present time we see no overall risk to the business. Any risk associated with accessing the European market after leaving the EU has been mitigated by the parent US company acquiring a European based business.

**Financial key performance indicators**

Management have identified revenue and profit before tax as the key performance indicators against which the success of the business is measured. These are highlighted on page 1 of the Strategic report.

This report was approved by the board on 28<sup>th</sup> Jun 2019 and signed on its behalf.



**Mr P G Merrick**  
Director

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**Marco Gearing Limited**

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**Directors' report  
For the year ended 30 September 2018**

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The directors present their report and the financial statements for the year ended 30 September 2018. Details of the Company's principal activity, business review, key performance indicators, principal risks and uncertainties, subsequent events and future developments can be found in the strategic report on pages 1 and 2 and form part of this report by cross reference.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,825,129 (2017 9 months - £763,949).

Dividends of £1,850,000 were paid in the year (2017 - £nil).

**Directors**

The directors who served during the year were:

Mr C E Jones  
Mr P G Merrick

**Director's indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**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 '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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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**Marco Gearing Limited**

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**Directors' report (continued)**  
**For the year ended 30 September 2018**

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**Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

**Auditors**

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

**Going concern**

The directors have reviewed the financial position of the Company, the Company's forecasts and considered the uncertainties arising from the economic environment and have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going 'concern basis in preparing the financial statements. Further considerations are discussed in note 1.

This report was approved by the board on 28<sup>th</sup> June 2019 and signed on its behalf.



Mr P G Merrick  
Director

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## Marco Gearing Limited

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### Independent auditors' report to the shareholders of Marco Gearing Limited

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#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of Marco Gearing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies ; and
- the related notes 1 to 31.

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

##### 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 Auditors' responsibilities for the audit of the section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the in the United Kingdom, including the Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the is not appropriate; or
- the directors have not disclosed in the any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the are authorised for issue.

We have nothing to report in respect of these matters.



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## Marco Gearing Limited

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### Independent auditors' report to the shareholders of Marco Gearing Limited (continued)

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the and our Auditors' report thereon. Our opinion on the 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.

In connection with our audit of the , our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page , the directors are responsible for the preparation of the 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 that are free from material misstatement, whether due to fraud or error.

In preparing the , 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.

#### Auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Report on other legal and regulatory requirements

##### 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 has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

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**Marco Gearing Limited**

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**Independent auditors' report to the shareholders of Marco Gearing Limited (continued)**

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**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**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 Auditors' 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.



**Sukhpal Gill (Senior statutory auditor)**

For and behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
Date: 28 June 2019

**Marco Gearing Limited**

**Statement of comprehensive income  
For the year ended 30 September 2018**

		<b>12 months ended 30 September 2018 £</b>	<b>9 months period ended 30 September 2017 £</b>
	<b>Note</b>		
Turnover	4	10,154,698	7,907,983
Cost of sales		(6,269,589)	(5,772,606)
<b>Gross profit</b>		<b>3,885,109</b>	<b>2,135,377</b>
Distribution costs		(587,651)	(137,440)
Administrative expenses		(1,053,487)	(1,144,663)
Other operating income	5	24,000	24,080
<b>Operating profit</b>		<b>2,267,971</b>	<b>877,354</b>
Interest payable and similar expenses	10	(22,213)	(11,631)
<b>Profit before tax</b>	6	<b>2,245,758</b>	<b>865,723</b>
Tax on profit	11	(420,629)	(101,774)
<b>Profit for the financial year</b>		<b>1,825,129</b>	<b>763,949</b>

All results derive from continuous operations.

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 31 form part of these financial statements.

**Marco Gearing Limited**  
Registered number: 04412044

**Statement of financial position**  
**As at 30 September 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	2,483,733	2,756,072
		<u>2,483,733</u>	<u>2,756,072</u>
<b>Current assets</b>			
Stocks	15	1,333,189	1,504,315
Debtors: amounts falling due within one year	16	2,032,492	2,880,650
Cash at bank and in hand	17	3,108,856	1,743,059
		<u>6,474,537</u>	<u>6,128,024</u>
Creditors: amounts falling due within one year	18	(2,294,488)	(2,042,203)
<b>Net current assets</b>		<u>4,180,049</u>	<u>4,085,821</u>
<b>Total assets less current liabilities</b>		<u>6,663,782</u>	<u>6,841,893</u>
Creditors: amounts falling due after more than one year	19	(166,848)	(204,355)
<b>Provisions for liabilities</b>			
Deferred tax	22	(286,611)	(314,929)
Other provisions	23	(32,500)	(95,915)
		<u>(319,111)</u>	<u>(410,844)</u>
Government grants	24	(70,400)	(94,400)
<b>Net assets</b>		<u><u>6,107,423</u></u>	<u><u>6,132,294</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	472,513	472,513
Profit and loss account		5,634,910	5,659,781
<b>Shareholders funds</b>		<u><u>6,107,423</u></u>	<u><u>6,132,294</u></u>

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

*P. Merrick* 28th Jan 2019.

**Mr P G Merrick**  
Director

The notes on pages 11 to 31 form part of these financial statements.

**Marco Gearing Limited**

**Statement of changes in equity  
For the year ended 30 September 2018**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	<b>450,013</b>	<b>4,895,832</b>	<b>5,345,845</b>
<b>Comprehensive income for the period</b>			
Profit for the period	-	763,949	763,949
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>763,949</b>	<b>763,949</b>
Shares issued during the period	22,500	-	22,500
<b>Total transactions with owners</b>	<b>22,500</b>	<b>-</b>	<b>22,500</b>
<b>At 1 October 2017</b>	<b>472,513</b>	<b>5,659,781</b>	<b>6,132,294</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,825,129	1,825,129
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,825,129</b>	<b>1,825,129</b>
Dividends: Equity capital	-	(1,850,000)	(1,850,000)
<b>At 30 September 2018</b>	<b>472,513</b>	<b>5,634,910</b>	<b>6,107,423</b>

The notes on pages 11 to 31 form part of these financial statements.

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**Marco Gearing Limited**

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**Notes to the financial statements  
For the year ended 30 September 2018**

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**1. General information**

Marco Gearing Limited is a private company limited by shares, incorporated in England and Wales the UK, under the Companies Act 2006. The registered office is Unit 8, Bryn Cefni Industrial Park, Llangefni, Anglesey, LL77 7XA.

The principal activity of the company is the manufacture of uPVC cable trunking and steel wire cable tray.

**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 critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These are individual company financial statements presented in Pounds Sterling (£).

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures, including
- Categories of financial instruments including:
  - items of income, expenses, gains or losses relating to financial instruments and
  - Exposure to and management of risks; and
  - Key management remuneration

The following principal accounting policies have been applied:

**2.2 Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Notes to the financial statements  
For the year ended 30 September 2018**

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**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue 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. Revenue 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 revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the, significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- typically, revenue is recognised on dispatch or when the goods are received by the customer, dependent on the terms of the sale.

**2.4 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant & machinery	10% Reducing balance
Fixtures & fittings	15% Reducing balance
Equipment	20% Reducing balance
Improvements to property	5% Reducing balance

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 the Statement of comprehensive income.

**Notes to the financial statements  
For the year ended 30 September 2018**

**2. Accounting policies (continued)**

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.6 Leasing and hire purchase: Lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are measured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in statement of comprehensive income for the period.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.



**Notes to the financial statements  
For the year ended 30 September 2018**

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.11 Creditors**

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

**Notes to the financial statements  
For the year ended 30 September 2018**

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**2. Accounting policies (continued)**

**2.12 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Notes to the financial statements  
For the year ended 30 September 2018**

**2. Accounting policies (continued)**

**2.13 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.14 Finance costs**

Finance costs are charged to the Statement of comprehensive income 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.15 Dividends**

Equity dividends are recognised when they become legally payable. Equity dividends are recognised when approved by the directors and paid.

**2.16 Pensions**

**Defined contribution pension plan**

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 Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.17 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

**Notes to the financial statements  
For the year ended 30 September 2018**

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**2. Accounting policies (continued)**

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.19 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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.

**2.20 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

<b>Marco Gearing Limited</b>
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**Notes to the financial statements**  
**For the year ended 30 September 2018**

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Revenue recognition**

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed consideration of the commercial terms and conditions the Company agreed with both domestic and overseas customers, in order to determine if revenue should be recognised when a customer collects goods directly, or when the Company completes a delivery to the customer, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the commercial terms and conditions agreed with customers.

**4. Turnover**

The whole of the turnover is attributable to the sale of cable management products for the electrical industry.

Analysis of turnover by country of destination:

	Year ended 30 September 2018 £	9 months period ended 30 September 2017 £
United Kingdom	10,154,698	7,907,983
	<u>10,154,698</u>	<u>7,907,983</u>

**5. Other operating income**

	Year ended 30 September 2018 £	9 months period ended 30 September 2017 £
Government grants receivable	24,000	16,000
Insurance claims receivable	-	8,080
	<u>24,000</u>	<u>24,080</u>

<b>Marco Gearing Limited</b>
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**Notes to the financial statements  
For the year ended 30 September 2018**

**6. Operating profit**

The operating profit is stated after charging:

	<b>Year ended 30 September 2018 £</b>	<i>9 months period ended 30 September 2017 £</i>
Stock recognised in cost of sales during the year as an expense	5,530,759	4,220,833
Depreciation of tangible fixed assets owned	236,075	196,626
Depreciation of tangible fixed assets leased	48,698	40,321
Impairment of investment	-	158,544
Loss on disposal	1,743	121,222
Audit fees	22,500	13,002
Exchange differences	532	172
Land and building operating lease rentals	175,610	126,708
Other operating lease rentals	63,173	61,777
Defined contribution pension cost	57,522	46,789
	57,522	46,789

**7. Auditors' remuneration**

**Fees payable to the Company's auditor for the audit of the company's annual accounts:**

Audit fees	22,500	13,002
	22,500	13,002

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**Notes to the financial statements**  
**For the year ended 30 September 2018**

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**8. Employees**

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

	Year ended 30 September 2018 £	9 months period ended 30 September 2017 £
Wages and salaries	1,479,098	1,478,945
Social security costs	138,595	155,805
Cost of defined contribution scheme	57,522	46,789
	1,675,215	1,681,539

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

	Year ended 30 September 2018 No.	9 months period ended 30 September 2017 No.
Administration	13	8
Sales	11	13
Production	36	41
	60	62

<b>Marco Gearing Limited</b>
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**Notes to the financial statements**  
**For the year ended 30 September 2018**

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**9. Directors' remuneration**

	<b>Year ended</b>	<i>9 months</i> <i>period ended</i>
	<b>30</b>	<b>30</b>
	<b>September</b>	<b>September</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	-	111,826
Directors' pension costs	-	9,810
	<hr/>	<hr/>
	<b>-</b>	<b>121,636</b>
	<hr/> <hr/>	<hr/> <hr/>

Directors remunerations in 2018 were paid by Unistrut.

During the year retirement benefits were accruing to no directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £NIL (2017 - £100,900).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2017 - £9,810).

**10. Interest payable and similar expenses**

	<b>Year ended</b>	<i>9 months</i> <i>period ended</i>
	<b>30</b>	<b>30</b>
	<b>September</b>	<b>September</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other interest payable	22,213	11,631
	<hr/>	<hr/>
	<b>22,213</b>	<b>11,631</b>
	<hr/> <hr/>	<hr/> <hr/>



<b>Marco Gearing Limited</b>
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**Notes to the financial statements  
For the year ended 30 September 2018**

**11. Taxation**

	30 September 2018 £	9 months period ended 30 September 2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	453,979	96,678
Adjustments in respect of previous periods	(5,032)	40,986
	448,947	137,664
<b>Total current tax</b>	448,947	137,664
<b>Deferred tax</b>		
Origination and reversal of timing differences	(25,475)	(40,924)
Effect of tax rate changes on opening balance	2,682	4,932
Adjustment in respect of previous periods	(5,525)	102
<b>Total deferred tax</b>	(28,318)	(35,890)
<b>Taxation on profit on ordinary activities</b>	420,629	101,774

**Marco Gearing Limited**

**Notes to the financial statements  
For the year ended 30 September 2018**

**11. Taxation (continued)**

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.33%). The differences are explained below:

	30 September 2018 £	9 months period ended 30 September 2017 £
Profit on ordinary activities before tax	2,245,758	865,723
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.33%)	426,694	167,341
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,810	34,915
Share acquisition relief	-	(146,502)
Adjustments to tax charge in respect of prior periods	(10,557)	41,088
Tax rate changes	2,682	4,932
<b>Total tax charge for the year/period</b>	<b>420,629</b>	<b>101,774</b>

**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 01 April 2017. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 19.33%.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to, reduce the rate from 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**12. Dividends**

	2018 £	2017 £
Dividends paid	1,850,000	-
	<b>1,850,000</b>	<b>-</b>

**Marco Gearing Limited**

**Notes to the financial statements  
For the year ended 30 September 2018**

**13. Tangible fixed assets**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 October 2017	127,427	4,866,407	72,461	299,510	5,365,805
Additions	-	-	-	18,369	18,369
Disposals	-	-	-	(5,935)	(5,935)
At 30 September 2018	127,427	4,866,407	72,461	311,944	5,378,239
<b>Depreciation</b>					
At 1 October 2017	51,676	2,331,775	43,286	182,996	2,609,733
Charge for the year on owned assets	3,776	253,818	4,577	25,903	288,074
Disposals	-	-	-	(3,301)	(3,301)
At 30 September 2018	55,452	2,585,593	47,863	205,598	2,894,506
<b>Net book value</b>					
At 30 September 2018	71,975	2,280,814	24,598	106,346	2,483,733
At 30 September 2017	75,751	2,534,632	29,175	116,514	2,756,072

<b>Marco Gearing Limited</b>
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**Notes to the financial statements  
For the year ended 30 September 2018**

**13. Tangible fixed assets (continued)**

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

	2018 £	2017 £
Plant and machinery	438,283	497,304
	438,283	497,304

**14. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 October 2017	158,544
At 30 September 2018	158,544
<b>Impairment</b>	
At 1 October 2017	158,544
At 30 September 2018	158,544
At 30 September 2018	-
At 30 September 2017	-

**Marco Gearing Limited**

**Notes to the financial statements  
For the year ended 30 September 2018**

**14. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Marco Cable Management Limited	Ordinary	100 %	Sale of uPVC cable trunking and steel wire cable tray

The registered address of the above subsidiary is Unit 8 Bryn Cefni Industrial Park, Llangefni, Anglesey, LL77 7XA.

**15. Stocks**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	<b>45,507</b>	277,186
Work in progress (goods to be sold)	<b>424,651</b>	497,846
Finished goods and goods for resale	<b>863,031</b>	729,283
	<b>1,333,189</b>	<b>1,504,315</b>

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

Stock recognised in cost of sales during the year as an expense was £5,530,759 (2017: £4,220,833).

**16. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,984,411</b>	1,749,246
Amounts owed by group undertakings	<b>6,276</b>	1,062,857
Other debtors	-	78
Prepayments and accrued income	<b>41,805</b>	68,469
	<b>2,032,492</b>	<b>2,880,650</b>

A loss of £246 (2017: £10,805) in relation to bad debts was recognised against trade debtors.

The amounts owed by group undertakings are interest free and repayable on demand.

**Marco Gearing Limited**

**Notes to the financial statements  
For the year ended 30 September 2018**

**17. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	3,108,856	1,743,059
	<u>3,108,856</u>	<u>1,743,059</u>

**18. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	911,810	700,136
Bank overdrafts	-	75,862
Corporation tax	448,947	96,678
Other taxation and social security	377,372	383,608
Obligations under finance lease and hire purchase contracts	120,903	123,959
Other creditors	254,613	207
Accruals and deferred income	180,843	661,753
	<u>2,294,488</u>	<u>2,042,203</u>

In respect of the finance leases and hire purchase contracts HSBC Bank Plc hold a debenture including a fixed charge over all present freehold and leasehold property, first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertaking both present and future.

**19. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	90,678	204,355
Other creditors	76,170	-
	<u>166,848</u>	<u>204,355</u>

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

**Marco Gearing Limited**

**Notes to the financial statements  
For the year ended 30 September 2018**

**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	120,903	123,959
Between 1-5 years	90,678	115,105
Over 5 years	-	89,250
	<u>211,581</u>	<u>328,314</u>

**21. Financial instruments**

Financial assets measured at amortised cost comprise cash and trade debtors and total £5,093,267 (2017: £3,492,305).

Financial liabilities measured at amortised cost comprise trade creditors and other creditors and accruals total £1,345,097 (2017: £1,362,095).

**22. Deferred taxation**

	2018 £	2017 £
At beginning of year	(314,929)	(314,929)
Arising on business combinations	22,793	-
Utilised in year	5,525	-
<b>At end of year</b>	<u>(286,611)</u>	<u>(314,929)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(292,136)	(314,929)
Tax losses carried forward	5,525	-
	<u>(286,611)</u>	<u>(314,929)</u>

<b>Marco Gearing Limited</b>
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**Notes to the financial statements  
For the year ended 30 September 2018**

**23. Provisions**

	Warranty provision £	Dilapidation provision £	Redundancy provision £	Total £
At 1 October 2017	9,929	32,500	53,486	95,915
Utilised in year	(9,929)	-	(53,486)	(63,415)
<b>At 30 September 2018</b>	<b>-</b>	<b>32,500</b>	<b>-</b>	<b>32,500</b>

**Warranty provision**

The warranty provision was in place in order to provide against costs relating to product warranties being incurred in the coming year.

**Dilapidation provision**

The dilapidation provision is in place in order to provide against the restoration of the building to its original condition at the end of the lease.

**Redundancy provision**

The redundancy provision was in place in-order to provide against a restructure of the sales team.

**24. Government grants**

	2018 £	2017 £
Grants	70,400	94,400
	<b>70,400</b>	<b>94,400</b>

The nature of the grants relate to the Invest Wales Single Investment Fund (SIF), to stimulate economic activity and investment in selected areas of Wales.



<b>Marco Gearing Limited</b>
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**Notes to the financial statements  
For the year ended 30 September 2018**

**25. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
230,000 (2017 - 230,000) A Ordinary shares of £1.00 each	<b>230,000</b>	230,000
120,010 (2017 - 120,010) B Ordinary shares of £1.00 each	<b>120,010</b>	120,010
50,000 (2017 - 50,000) C Ordinary shares of £1.00 each	<b>50,000</b>	50,000
50,000 (2017 - 50,000) D Ordinary shares of £1.00 each	<b>50,000</b>	50,000
1 (2017 - 1) E Ordinary shares of £1.00	<b>1</b>	1
1 (2017 - 1) F Ordinary shares of £1.00	<b>1</b>	1
1 (2017 - 1) G Ordinary shares of £1.00	<b>1</b>	1
22,500 (2017 - 22,500) Ordinary shares of £1.00 each	<b>22,500</b>	22,500
	<b>472,513</b>	472,513

The Ordinary shares and the A, B, C and D Ordinary shares carry voting rights whereas the E, F and G Ordinary shares do not. The shares rank pari passu in all other respects.

**26. Related party transactions**

The company has taken advantage of the exemption permitted in FRS 102 Section 33 to wholly owned subsidiaries not to disclose transactions and balances with other group companies.

**27. Contingent liabilities**

In 2010 the company received a grant from the Welsh Assembly Government for the sum of £168,000, with an additional sum of £72,000 being received. The grant was paid on the basis that the company will continue to satisfy certain criteria.

**28. Capital commitments**

The company had capital commitments of £Nil at 30 September 2018 (2017: £Nil) in respect of property, plant and equipment acquisitions.

**29. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £57,522 (2017: £46,789). Contributions totaling £Nil (2016: £Nil) were payable to the fund at the statement of financial position date.

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**Marco Gearing Limited**

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**Notes to the financial statements  
For the year ended 30 September 2018**

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**30. Commitments under operating leases**

At 30 September 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	121,579	147,167
Later than 1 year and not later than 5 years	11,193	116,904
	<u>132,772</u>	<u>264,071</u>

**31. Controlling party**

The immediate parent company is Unistrut Limited, a company registered in England and Wales, copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

The ultimate parent company, controlling party, and only group for which consolidated financial statements are prepared at the statement of financial position date is Atkore International Group Inc. a company incorporated in the United States of America. Copies of the consolidated financial statements are available from the Company Secretary at the registered address Of Atkore International Inc., 16100 S. Lathrop Avenue, Harvey, Illinois, 60426, United States.