

Registered number: 07362435

MARSTON REGULATED SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

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MARSTON REGULATED SERVICES LIMITED

COMPANY INFORMATION

Directors	G Jones (resigned 30 June 2020) R J Shearer (resigned 4 September 2020) M Wolfenden R Anderson M Watson (appointed 13 November 2020)
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	07362435
Registered office	Embassy House 60 Church Street Birmingham B3 201
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Solicitors	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP

MARSTON REGULATED SERVICES LIMITED

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MARSTON REGULATED SERVICES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2020**

Introduction

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Principal activity

The principal activity in the year was that of field service recovery.

Business review

The directors are satisfied with the Company's underlying financial performance for the year. Turnover for the year was £11.1m (2019:£9.2m). Turnover has increased due to some contracts being novated to Marston Regulated Services Limited during the year from other group entities.

The results of the Company for the year ended 31 May 2020 (and for the year ended 31 May 2019) are shown in the statement of comprehensive income on page 8 of the financial statements.

The Company's key financial and other performance indicators are as follows:

	2020	2019
Turnover	£11.1m	£9.2m
Profit before Tax	£0.8m	£0.7m

Principal risks and uncertainties

As with any business, the Company is subject to risks. The Directors have set out under the financial risk management objectives below the principal risks facing the business. The Directors are of the opinion that a thorough risk management process is adopted, which involves the formal review of all the risks identified. Processes are in place to monitor and mitigate such risks.

Covid-19

The Covid-19 outbreak and the resulting measures taken by the UK government to contain the virus have negatively impacted the business results in the last 6 months of the financial year.

As a result of the Pandemic the country went into Lockdown on 24th March 2020 with soft enforcement resuming in August 2020.

Future uncertainties around the scale and duration of the Pandemic remain but the company is confident that it will be able to continue to operate and has detailed risk management procedures and mitigations in place to facilitate this.

MARSTON REGULATED SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

The Company uses various financial instruments including loans, cash, 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 main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and credit risk. The Directors agree and review policies for managing each of these risks and these are summarised below. These policies remain unchanged from the previous policies of the Company and Group.

Liquidity Risk

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

The Company policy throughout the year has been to ensure that cash balances are maintained and to ensure that a sufficient return is made on these.

Interest Rate Risk

The Company finances its operations through a mixture of retained profits and borrowings.

Credit Risk

The Company's principal financial asset is cash. The credit risk associated with the cash is limited as the counterparties have high credit ratings.

Price Risk


This risk is mitigated by the operating model of the Company whereby the costs are largely variable which means that the Company can scale up or down as and when required.

Future Developments

The Company expects further organic growth as the market expands in the future.

This report was approved by the board on 10/3/2021

and signed on its behalf.



.....
M Watson
Director

MARSTON REGULATED SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020**

The directors present their report and the financial statements for the year ended 31 May 2020.

Results and dividends

The profit for the year, after taxation, amounted to £819,000 (2019 - £820,000).

The directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors

The directors who served during the year and since the year end were:

G Jones (resigned 30 June 2020)
R J Shearer (resigned 4 September 2020)
M Wolfenden
R Anderson
M Watson (appointed 13 November 2020)

Post balance sheet events

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

Engagement with employees

Platinum Investors in People accreditation

The Board recognises the importance of its employees, and this is reflected in the Group being awarded Platinum Investors in People accreditation in November 2020.

To attain Platinum status, a business must provide clear evidence that it puts people at the heart of decision making, and that it works in line with its values and towards a shared vision.

Employers' Initiative on Domestic Abuse

Marston became a founding member of the Employers' Initiative on Domestic Abuse in November 2020.

This is a network of large and small businesses whose mission it is to enable employers to take action on domestic abuse – raising awareness among all employees, supporting those facing domestic abuse and providing access to services to help perpetrators to stop.

Inclusion Initiative

The Investors in People Platinum assessment report found that 87 per cent of respondents had seen developments across the business in recruitment, selection, retention and diversity.

To further support this, we launched an Inclusion Initiative in December 2020. Representative volunteers from across the business now work in consultation with our Independent Advisory Group and Ethics Committee to offer counsel on in these areas.

MARSTON REGULATED SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

Matters covered in the Strategic Report

The Group's principal activities, risks and uncertainties and future developments are set out in the strategic report, as are the business review and the s172(1) disclosures.

Going Concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements, including scenario analysis and stress testing in relation to Covid-19 (for example the impact of continued social distancing measures on the Group's forecast revenues, and the impact of the UK government's lockdown roadmap set out on 22 February) and continued covenant compliance.

As a result, the directors have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

Disclosure of information to auditors

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

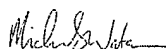
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

Auditors

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

This report was approved by the board on 10/3/2021

and signed on its behalf.



.....
M Watson
Director

MARSTON REGULATED SERVICES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MAY 2020**

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

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

MARSTON REGULATED SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON REGULATED SERVICES LIMITED

Opinion

We have audited the financial statements of Marston Regulated Services Limited (the 'company') for the year ended 31 May 2020, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid 19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid 19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with a course of action associated with these particular events.

MARSTON REGULATED SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON REGULATED SERVICES LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements 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 financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditors' Report is not a guarantee that the Company will continue in operation.

Other information

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

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

MARSTON REGULATED SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON REGULATED SERVICES LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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 the Directors' Report.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 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.

MARSTON REGULATED SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON REGULATED SERVICES
LIMITED (CONTINUED)**

Grant Thornton UK LLP

Gary Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date:
10/3/2021

MARSTON REGULATED SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020**

	Note	2020 £000	2019 £000
Turnover	4	11,481	9,169
Other operating income	5	126	-
Administrative expenses		(8,306)	(6,364)
Gross profit		3,301	2,805
Staff costs		(2,422)	(2,042)
Depreciation and amortisation		(58)	(85)
Operating profit	6	821	678
Interest receivable and similar income		2	-
Interest payable and expenses		(2)	(2)
Profit before tax		821	676
Tax on profit	12	(2)	144
Profit for the financial year		819	820

The notes on pages 13 to 27 form part of these financial statements.

The above results were derived from continuing operations.

The Company has no other comprehensive income for the current and prior year other than the results above and therefore, no statement of comprehensive income is presented.

MARSTON REGULATED SERVICES LIMITED
REGISTERED NUMBER: 07362435

BALANCE SHEET
AS AT 31 MAY 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	36	80
Tangible assets	14	12	21
		<u>48</u>	<u>101</u>
Current assets			
Debtors	15	13,918	8,447
Cash at bank and in hand		373	464
		<u>14,291</u>	<u>8,911</u>
Creditors: amounts falling due within one year	16	(12,616)	(8,110)
Net current assets		<u>1,675</u>	<u>801</u>
Total assets less current liabilities		<u>1,723</u>	<u>902</u>
Provisions for liabilities			
Deferred tax	17	(2)	-
		<u>(2)</u>	<u>-</u>
Net assets		<u><u>1,721</u></u>	<u><u>902</u></u>
Capital and reserves			
Called up share capital	18	-	-
Share premium account	19	27	27
Profit and loss account	19	1,694	875
		<u><u>1,721</u></u>	<u><u>902</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10/3/2021



M Watson
 Director

The notes on pages 13 to 27 form part of these financial statements.

MARSTON REGULATED SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020**

	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 June 2018	27	55	82
Profit for the year	-	820	820
At 1 June 2019	27	875	902
Profit for the year	-	819	819
At 31 May 2020	27	1,694	1,721

The notes on pages 13 to 27 form part of these financial statements.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

1. General information

Marston Regulated Services Limited ("the company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Embassy House
60 Church Street
Birmingham
B3 20J

The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 1 and 2.

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 judgement in applying the Company's accounting policies (see note 3).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco as at 31 May 2020 and these financial statements may be obtained from Embassy House, 60 Church Street, Birmingham, B3 2DJ.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)

2.3 Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements, including scenario analysis and stress testing in relation to Covid-19 (for example the impact of continued social distancing measures on the Group's forecast revenues, and the impact of the UK government's lockdown roadmap set out on 22 February) and continued covenant compliance.

As a result, the directors have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

2.4 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.

2.5 Revenue

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

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss 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.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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.

2.9 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 Balance Sheet date, except that:

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

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

2.11 Intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3 years
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2.12 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.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)**2.12 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 years
Computer equipment	- 3 years

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

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

2.13 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.

2.14 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.

2.15 Creditors

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

2.16 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

2.17 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.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)**2.17 Financial instruments (continued)**

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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

2.18 Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

2.19 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.20 Other operating income

Other income relates to that received from the UK government for the Coronavirus Job Retention Scheme (Furlough Scheme). It is recognised when received.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

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

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant estimates or judgements used in preparing these accounts.

4. Turnover

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

	2020 £000	2019 £000
Field Service Recovery	11,108	9,169
Disbursement Income	373	-
	11,481	9,169

5. Other operating income

	2020 £000	2019 £000
Other operating income	126	-
	126	-

Other operating income relates to income received from the UK Government in respect of the Coronavirus Job Retention Scheme (Furlough Scheme).

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

6. Profit/(loss) before taxation

The profit/(loss) before taxation is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	9	17
Amortisation	49	68
Other operating lease rentals	59	45
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5	5
	<u> </u>	<u> </u>

8. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	2,177	1,869
Social security costs	194	144
Cost of defined contribution scheme	51	29
	<u> </u>	<u> </u>
	<u>2,422</u>	<u>2,042</u>

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

	2020 No.	2019 No.
Operational	75	69
Administration	18	13
	<u> </u>	<u> </u>
	<u>93</u>	<u>82</u>

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

9. Directors' remuneration

The directors received no remuneration for the year ended 31 May 2020 (2019: £Nil).

10. Interest receivable

	2020 £000	2019 £000
Bank and other interest receivable	2	-
	<u>2</u>	<u>-</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	2	2
	<u>2</u>	<u>2</u>

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	-	(125)
	<u>-</u>	<u>(125)</u>
Total current tax	<u>-</u>	<u>(125)</u>
Deferred tax		
Origination and reversal of timing differences	(10)	(18)
Changes to tax rates	1	2
Adjustment in respect of previous periods	11	(3)
Total deferred tax	<u>2</u>	<u>(19)</u>
Taxation on profit/(loss) on ordinary activities	<u>2</u>	<u>(144)</u>

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

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

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	821	676
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	156	128
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	81	284
Adjustments to tax charge in respect of prior periods	11	(128)
Other differences leading to an increase in the tax charge	1	3
Group relief	(247)	(431)
Total tax charge / (credit) for the year	2	(144)

Factors that may affect future tax charges

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax from 19% to 17%. From 1 April 2020, it was confirmed the corporation tax rate will remain at 19% and deferred taxes at the balance sheet have been calculated based on this rate.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

13. Intangible assets

	Computer software £000
Cost	
At 1 June 2019	364
Additions	4
	<hr/>
At 31 May 2020	368
	<hr/>
Amortisation	
At 1 June 2019	283
Charge for the year on owned assets	49
	<hr/>
At 31 May 2020	332
	<hr/>
Net book value	
At 31 May 2020	36
	<hr/> <hr/>
At 31 May 2019	80
	<hr/> <hr/>

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

14. Tangible fixed assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation			
At 1 June 2019	34	52	86
At 31 May 2020	34	52	86
Depreciation			
At 1 June 2019	17	48	65
Charge for the year on owned assets	5	4	9
At 31 May 2020	22	52	74
Net book value			
At 31 May 2020	12	-	12
At 31 May 2019	17	4	21

15. Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	911	2,397
Amounts owed by group undertakings	12,826	4,755
Other debtors	-	14
Prepayments and accrued income	181	1,281
	13,918	8,447

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

16. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	-	151
Amounts owed to group undertakings	11,812	6,726
Other taxation and social security	803	172
Other creditors	1	1,061
	<u>12,616</u>	<u>8,110</u>

Amounts owed to group undertakings are interest free, unsecured and payable on demand.

17. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	-	(19)
Charged to the profit or loss	(2)	19
At end of year	<u>(2)</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2020	2019
	£000	£000
Accelerated capital allowances	(2)	-
	<u>(2)</u>	<u>-</u>

The deferred tax balance is expected to reverse after more than 12 months.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

18. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.000 each	-	-
24,400 (2019 - 24,400) Ordinary B1 shares of £0.001 each	-	-
3,000 (2019 - 3,000) Ordinary B2 shares of £0.001 each	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

A ordinary shares confer the right to 78.5% of the total voting rights which are allocated pro-rata across the number of shares held.

B1 and B2 ordinary shares confer the right to 21.5% of the total voting rights which are allocated pro-rata across the number of shares held.

Holders of A, B1 & B2 ordinary shares are entitled to participate in dividends declared for ordinary shareholders.

19. Reserves**Share premium account**

The share premium contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

MARSTON REGULATED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

20. Commitments under operating leases

At 31 May 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Land and buildings		
Not later than 1 year	-	40
Later than 1 year and not later than 5 years	-	31
	<u>-</u>	<u>71</u>
	<u><u>-</u></u>	<u><u>71</u></u>
	2020	2019
	£000	£000
Other		
Not later than 1 year	-	9
	<u>-</u>	<u>9</u>
	<u><u>-</u></u>	<u><u>9</u></u>

The Company had no commitments under non-cancellable operating leases at the balance sheet date.

21. Post balance sheet events

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

22. Ultimate controlling party

Marston (Holdings) Limited is the immediate parent undertaking of Marston Group Limited. Marston (Holdings) Limited has included the company in its group financial statements, copies of which are available from its registered office - Embassy House, 60 Church Street, Birmingham, B3 2DJ..

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2020, Free Flow Topco Limited. Consolidated accounts are available from Embassy House, 60 Church Street, Birmingham, B3 2DJ.