

Registration number: 01272648

Marshall Holdings Limited

Revised annual report and revised consolidated financial statements
for the year ended 31 December 2017



Marshall Holdings Limited

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Marshall Holdings Limited

Company information

Chairman	C. R. Marshall
Directors	C. R. Marshall J. Booth
Company secretary	J. Booth
Registered office	Huddersfield Road Elland West Yorkshire HX5 9BW
Bankers	National Westminster Bank PLC North of England Property Team 3rd Floor 2 Whitehall Quay Leeds LS1 4HR
Auditor	Deloitte LLP Statutory Auditor Manchester United Kingdom

Marshall Holdings Limited

Revised strategic report For the year ended 31 December 2017

These revised financial statements replace the original financial statements for the year ended 31 December 2017 which were approved by the board on 14 June 2018. They are now the statutory financial statements of the company for that financial year. In accordance with the Companies Act 2006, the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates.

The original financial statements did not comply with the Act in the following respect.

Upon review of the Company's Annual Return confirmation statement to Companies House, the Directors noted that one subsidiary undertaking, CDP (Eden Business Park) Ltd, was omitted from the "Fixed asset investment" disclosure (note 11). The EU Accounting Directive (SI 2015/980) removed the concession under section 410 Companies Act 2006 whereby companies can list only their principal subsidiaries and other significant holdings in the annual accounts and file a complete list with their Annual Return. A complete list should therefore be included in the notes to the financial statements under section 409 of the Act. As such the Directors have revised the disclosure to note 11 to include this omitted information. Further, the related disclosure of granting a parent company guarantee to subsidiary entities under Section 479A of the Companies Act had been omitted from the note.

Under section 454 of the Act the directors have authority to revise the annual financial statements, the strategic report and the directors report if they do not comply with the Act. The revised financial statements or report must be amended in accordance with the Companies (Revision of Defective Accounts and Report) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were approved by the directors as at the date of the original financial statements.

This revised strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Marshall Holdings Limited and its subsidiary undertakings when viewed as a whole.

Review of the business

The group's principal activities are commercial development, design and construction. The group specialises in the development, design and construction of warehouses and manufacturing facilities, city centre and out of town offices, in town and out of town retail complexes as well as hotels and leisure facilities such as cinemas, restaurants and bars. There have not been any significant changes in the group's activity during the last year and the directors are not aware of any significant changes in the year to come.

Key performance indicators

The group's turnover has fallen from £141.5 million to £86.8 million, as shown in the group's profit and loss account on page 12. The operating profit has fallen from £20.9 million to £10.6 million. The group's profit after tax has fallen from £19.2 million to £10.3 million. The fall in turnover and profit were expected and in line with anticipated development sales and forecasted levels of building contracts.

The balance sheet on page 14 shows the group's financial position at the end of 2017. Total net assets have increased from £130.1 million to £139.2 million over the year. The current ratio, being the ratio of current assets to current liabilities, remains strong and has increased to 6.16 times from 4.92 in the prior year, demonstrating the group's continuing ability to meet its creditors as they fall due and a strong balance sheet position at the end of the year. Stock levels have increased over the course of the year from £116.3 million to £141.3 million at the end of 2017.

Marshall Holdings Limited

Revised strategic report (continued) For the year ended 31 December 2017

Principal risks and uncertainties

The UK economic recovery has now started to filter through to the commercial development and construction industries in the north of England. This will result in the group hopefully securing further pre-lettings and or pre-sales along with new construction opportunities throughout 2018 and beyond.

The development companies within the group will still however continue to remain cautious in respect of speculative development. To date in 2018, the group can report £23.3 million of sales. The group continues to seek and develop design and build opportunities and secured the pre-let of a 87,000 sqft Industrial Coldstore Unit at Knowsley, a 75,000 sqft unit for the NHS Blood & Transplant Unit in Barnsley, a 113,500 sqft warehouse including offices in Runcorn. The group have reached an agreement to lease Hotel Brooklyn and Napoleon's Casino. This 200 bedroom hotel and casino in Manchester City Centre commenced in 2017 and is due for completion in 2019.

The construction companies within the group continue to trade in a difficult and competitive market, but do however feel optimistic about the future and finds themselves extremely well positioned. Throughout 2017 the construction companies secured the following contracts; a 45,000 sqft industrial unit in Speke, a 34,000 sqft industrial Unit in Hyde, a 35,000 sqft industrial unit in South Kirby, a 87,00 sqft Coldstore in Britonwood and a Gatehouse extension to an existing warehouse that the companies originally constructed. The companies also secured the contract to Construct Hotel Brooklyn and Napoleon's Casino.

During the early part of 2018 the companies commenced constructing the 75,000 sqft unit for the NHS Blood & Transplant Unit in Barnsley, two warehouse units in Barnsley, totalling 36,000 sqft and 113,500 sqft Warehouse including offices in Runcorn.

With healthy order books of secured work, a strong balance sheet, an excellent reputation, staff having many years' experience in construction and development, and sufficient cash reserves to manage any downturn, the group is well positioned to effectively manage the economic recovery.

The group is fully aware of the latest legislation regarding health and safety and this is applied to both construction and development. The group employs two full time health and safety managers responsible for ensuring that the group standards either meet or are above the industry standard. The group is able to report another successful year in meeting these objectives.

Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risks to the business, and note no significant impact.

Future developments

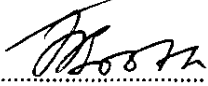
The directors are confident about the quality of the land bank and generally continue to postpone procurement of speculative sites in order to reduce stock levels and improve liquidity. The strength of the balance sheet means that the group is well placed to achieve this.

The directors consider that the results for the group are as expected and are satisfactory considering the continued global economic climate. The group's construction companies have been successful in securing new contracts which should aid the projected turnover for 2018.

Marshall Holdings Limited

**Revised strategic report (continued)
For the year ended 31 December 2017**

Approved by the Board on 7/11/18 and signed on its behalf by:



.....
J. Booth
Company secretary and director
7/11/ 2018

Huddersfield Road
Elland
West Yorkshire
HX5 9BW

Marshall Holdings Limited

Directors report

For the year ended 31 December 2017

The directors present their annual report on the affairs of the group, together with the consolidated financial statements and auditor's report, for the year ended 31 December 2017.

The company's future developments and principal risk and uncertainties are presented in the revised strategic report.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements.

Events after the balance sheet date

See note for details of events that have occurred after the balance sheet date.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

The Group's objective is to manage the working capital cycle in an effective manner to minimise support from financial institutions. Credit risk amongst customers has been managed with tight credit control within the business.

Financial risk management objectives and policies (continued)

Cash flow risk

The Group's cash flow risk is considered to be relatively low due to low levels of external finance within the business.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Liquidity risk at the group is insignificant as the net current assets stand at £139.2m on the financial statements. Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Dividends and preference shares

The directors paid a final dividend of £1.5 million (2016: £2 million). During the year, £1,452,000 of the company's preference shares were redeemed at par (2016: £5,298,000).

Marshall Holdings Limited

Directors report (continued) For the year ended 31 December 2017

Directors

The directors who served throughout the year and thereafter, were as follows:

C.R. Marshall (Chairman)

J. Booth

Directors' 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.

Political contributions

The Company and Group made no political donations in the year (2016: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

Details of the number of employees and related costs can be found in note 5. The group is an equal opportunity employer, with employment applications being considered on that basis. Appointments are based on the aptitude of the applicant concerned.

The group considers itself to be an excellent employer, offering attractive remuneration packages and excellent working conditions, which is demonstrated by the average length of service of a member of staff being 14 years and 26% of the members of staff having over 20 years' service.

Environment

The Group recognises the ever increasing problem of global warming and the importance of the group's environmental responsibilities. The construction companies continue to operate an ISO 14001 Environmental Management System. Policies continue to be implemented where ever possible to reduce the damage caused to the environment by the group. Such policies include; generally increasing awareness to the workforce of how to reduce greenhouse gases; promoting energy efficiency; recycling office waste and an environmental friendly vehicle policy. With regards to developments the group applies BREEAM where appropriate. Several schemes have qualified for an 'very good' BREEAM rating. The construction companies building sites are increasingly being registered with the Considerate Constructors Scheme (CCS) thus committing the companies to be good neighbours and environmentally conscious.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Marshall Holdings Limited

**Directors report (continued)
For the year ended 31 December 2017**

Approved by the Board on7/11/18..... and signed on its behalf by:

.....
.....
J. Booth
Company secretary and director
.....7/11/..... 2018

Huddersfield Road
Elland
West Yorkshire
HX5 9BW

Marshall Holdings Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Under section 454 of the Act the directors have authority to revise annual financial statements, the strategic report and the directors' report if they do not comply with the Act. The revised financial statements and reports must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as they were prepared and approved by the directors as at the date of the original financial statements.

Independent auditor's revised report to the members of Marshall Holdings Limited

Report on the audit of the revised financial statements

Opinion

In our opinion the revised financial statements of Marshall Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's 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" seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the related revised notes 1 to 23.

These revised financial statements replace the original financial statements approved by the directors on 14 June 2018. 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). The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

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 revised financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the revised 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.

Emphasis of matter – revision of investments in subsidiaries

We draw attention to note 1 to these revised financial statements which describes the need for revision of the fixed asset investments disclosure. The original financial statements were approved on 14 June 2018 and our previous audit report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

Independent auditor's revised report to the members of Marshall Holdings Limited (continued)

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 preparation of the revised financial statements is not appropriate; or
- the directors have not disclosed in the revised financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 original financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the revised financial statements and our auditor's report thereon. Our opinion on the revised 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 revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised 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 revised 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 respect of these matters.

Responsibilities of directors

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

In preparing the revised financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised 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 revised financial statements.

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

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Independent auditor's revised report to the members of Marshall Holdings Limited (continued)

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the original financial statements for the year ended 31 December 2017 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 1 to these revised financial statements.

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report and the revised strategic report.

Matters on which we are required to report by exception

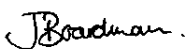
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the revised parent company 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 the Companies (Revision of Defective Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Jane Boardman BSc, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

Date: 7 November 2018

Marshall Holdings Limited

Consolidated profit and loss account For the year ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	86,787	141,517
Cost of sales		<u>(69,184)</u>	<u>(109,071)</u>
Gross profit		17,603	32,446
Administrative expenses		(8,431)	(12,078)
Other operating income		<u>1,462</u>	<u>556</u>
Operating profit		10,634	20,924
Finance costs (net)	4	<u>(118)</u>	<u>(93)</u>
Profit before taxation	6	10,516	20,831
Taxation	8	<u>(262)</u>	<u>(1,623)</u>
Profit for the financial year		<u>10,254</u>	<u>19,208</u>

The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Consolidated statement of comprehensive income For the year ended 31 December 2017

	2017	2016
	£ 000	£ 000
Profit for the financial year	<u>10,254</u>	<u>19,208</u>
Remeasurement of net defined benefit liability	465	(6,101)
Tax adjustment relating to pension scheme	<u>(79)</u>	<u>1,053</u>
Other comprehensive income/(expense)	<u>386</u>	<u>(5,048)</u>
Total comprehensive income for the year	<u><u>10,640</u></u>	<u><u>14,160</u></u>

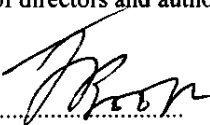
The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Consolidated balance sheet As at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	10	<u>4,337</u>	<u>4,367</u>
Current assets			
Stocks	13	141,348	116,304
Debtors - due within one year	14	21,225	17,053
Cash at bank and in hand		<u>11,947</u>	<u>39,784</u>
		174,520	173,141
Creditors: Amounts falling due within one year	15	<u>(28,420)</u>	<u>(35,182)</u>
Net current assets		<u>146,100</u>	<u>137,959</u>
Total assets less current liabilities		<u>150,437</u>	<u>142,326</u>
Creditors: Amounts falling due after more than one year	16	-	(1,452)
Defined benefit pension scheme deficit	20	<u>(11,228)</u>	<u>(10,805)</u>
Net assets		<u>139,209</u>	<u>130,069</u>
Capital and reserves			
Called-up share capital	19	145	145
Share premium account	19	10,250	10,250
Revaluation reserve	19	482	482
Capital redemption reserve	19	86	86
Profit and loss account		<u>128,246</u>	<u>119,106</u>
Total capital employed		<u>139,209</u>	<u>130,069</u>

The financial statements of Marshall Holdings Limited (registered number 01272648) were approved by the Board of directors and authorised for issue on 7/11/18 and signed on its behalf by:



J. Booth

Company secretary and director

The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Company balance sheet As at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Investments	11	<u>1,115</u>	<u>1,115</u>
Current assets			
Debtors - due within one year	14	38,615	11,835
Cash at bank and in hand		<u>-</u>	<u>18,768</u>
		38,615	30,603
Creditors: Amounts falling due within one year	15	<u>(15,949)</u>	<u>(9,589)</u>
Net current assets		<u>22,666</u>	<u>21,014</u>
Total assets less current liabilities		23,781	22,129
Creditors: Amounts falling due after more than one year	16	-	(1,452)
Defined benefit pension scheme deficit	20	<u>(11,228)</u>	<u>(10,805)</u>
Net assets		<u>12,553</u>	<u>9,872</u>
Capital and reserves			
Called-up share capital	19	145	145
Share premium account	19	9,969	9,969
Capital redemption reserve	19	86	86
Profit and loss account	19	<u>2,353</u>	<u>(328)</u>
Shareholders' funds		<u>12,553</u>	<u>9,872</u>

The profit for the financial year dealt with in the financial statements of the parent Company was £3,796,000 (2016: £1,169,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

The financial statements of Marshall Holdings Limited (registered number 01272648) were approved by the Board of directors and authorised for issue on 7/11/18. They were signed on its behalf by:



J. Booth

Company secretary and director

The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Consolidated statement of changes in equity For the year ended 31 December 2017

	Called-up share capital £ 000	Share premium account £ 000	Revaluation reserve £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	145	10,250	482	86	106,946	117,909
Profit for the financial year	-	-	-	-	19,208	19,208
Remeasurement of net defined benefit liability	-	-	-	-	(6,101)	(6,101)
Tax adjustment relating to pension scheme	-	-	-	-	1,053	1,053
Total comprehensive income	-	-	-	-	14,160	14,160
Dividends paid on equity shares	-	-	-	-	(2,000)	(2,000)
At 31 December 2016	145	10,250	482	86	119,106	130,069

	Called-up share capital £ 000	Share premium account £ 000	Revaluation reserve £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	145	10,250	482	86	119,106	130,069
Profit for the financial year	-	-	-	-	10,254	10,254
Remeasurement of net defined benefit liability	-	-	-	-	465	465
Tax adjustment relating to pension scheme	-	-	-	-	(79)	(79)
Total comprehensive income	-	-	-	-	10,640	10,640
Dividends paid on equity shares	-	-	-	-	(1,500)	(1,500)
At 31 December 2017	145	10,250	482	86	128,246	139,209

The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Company statement of changes in equity For the year ended 31 December 2017

	Called-up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	145	9,969	86	5,551	15,751
Profit for the year	-	-	-	1,169	1,169
Remeasurement of net defined benefit liability	-	-	-	(6,101)	(6,101)
Tax adjustment relating to pension scheme	-	-	-	1,053	1,053
Total comprehensive income	-	-	-	(3,879)	(3,879)
Dividends paid on equity shares	-	-	-	(2,000)	(2,000)
At 31 December 2016	145	9,969	86	(328)	9,872

	Called-up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	145	9,969	86	(328)	9,872
Profit for the year	-	-	-	3,795	3,795
Remeasurement of net defined benefit liability	-	-	-	465	465
Tax adjustment relating to pension scheme	-	-	-	(79)	(79)
Total comprehensive income	-	-	-	4,181	4,181
Dividends paid on equity shares	-	-	-	(1,500)	(1,500)
At 31 December 2017	145	9,969	86	2,353	12,553

The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Consolidated statement of cash flows For the year ended 31 December 2017

	2017 £ 000	2016 £ 000
Net cash flows from operating activities	<u>(24,317)</u>	<u>40,362</u>
Cash flows from investing activities		
Proceeds from sale of equipment	387	296
Purchase of equipment	(722)	(351)
Interest received	<u>182</u>	<u>188</u>
Net cash flows from investing activities	<u>(153)</u>	<u>133</u>
Cash flows from financing activities		
Dividends paid	(1,500)	(2,000)
(Repayment)/drawdown of borrowings	(416)	1,153
Redemption of preference share	(1,452)	(5,323)
Interest paid	<u>1</u>	<u>(7)</u>
Net cash flows from financing activities	<u>(3,367)</u>	<u>(6,177)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(27,837)</u>	<u>34,318</u>
Cash and cash equivalents at beginning of year	<u>39,784</u>	<u>5,466</u>
Cash and cash equivalents at end of year	<u>11,947</u>	<u>39,784</u>
	2017 £ 000	2016 £ 000
<i>Reconciliation of operating profit to cash generated by operations:</i>		
Operating profit	10,516	20,924
Adjustment for:		
Depreciation	572	606
Profit on disposal of tangible assets	<u>(207)</u>	<u>(76)</u>
Operating cash flow before movement in working capital	10,881	21,454
(Increase)/decrease in stocks	(25,044)	17,719
(Increase)/decrease in debtors	(4,119)	6,589
(Decrease)/increase in creditors	(3,502)	(5,630)
Pension costs	594	81
Corporation tax paid	(3,427)	149
Interest paid	<u>300</u>	<u>7</u>
Cash generated from operations	<u>(24,317)</u>	<u>40,369</u>

The notes on pages 19 to 43 form an integral part of these financial statements.

Marshall Holdings Limited

Revised notes to the financial statements For the year ended 31 December 2017

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Marshall Holdings Limited is a private company limited by shares and incorporated in the United Kingdom in England and Wales under the Companies Act. The address of the registered office is given on page 2. The nature of the group's operations and its principal activities are set out in the revised strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Marshall Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Marshall Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, cash flow statement, intra-group transactions and remuneration of key management personnel.

These revised financial statements replace the original financial statements for the year ended 31 December 2017 which were approved by the board on 14 June 2018. They are now the statutory financial statements of the company for that financial year. In accordance with the Companies Act 2006, the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates.

The original financial statements did not comply with the Act in the following respect.

Upon review of the Company's Annual Return confirmation statement to Companies House, the Directors noted that one subsidiary undertaking, CDP (Eden Business Park) Ltd, was omitted from the "Fixed asset investment" disclosure (note 11). The EU Accounting Directive (SI 2015/980) removed the concession under section 410 Companies Act 2006 whereby companies can list only their principal subsidiaries and other significant holdings in the annual accounts and file a complete list with their Annual Return. A complete list should therefore be included in the notes to the financial statements under section 409 of the Act. As such the Directors have revised the disclosure to note 11 to include this omitted information. Further, the related disclosure of granting a parent company guarantee to subsidiary entities under Section 479A of the Companies Act had been omitted from the note.

Under section 454 of the Act the directors have authority to revise the annual financial statements, the strategic report and the directors report if they do not comply with the Act. The revised financial statements or report must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were approved by the directors as at the date of the original financial statements.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

1 Accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

No profit and loss account for Marshall Holdings Limited has been presented as permitted by section 408 Companies Act 2006.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the revised strategic report. The directors' report further describes the financial position of the group; its cash flows, liquidity position and any borrowing facilities; the group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The group meets its day to day working capital requirements through its financial resources which include an ongoing overdraft.

The directors of this entity, in making their assessment of the going concern assumption for this entity, have reviewed the group's future cash flow forecasts and projections. The assumptions take into account possible changes in trading performance and show that the group is able to operate within its financial resources.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery

Computer equipment	1-4 years
Office equipment and light plant	2-4 years
Heavy plant	5 years
Motor vehicles	3-4 years

Other

Freehold property	50 years
Freehold land is not depreciated	

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

1 Accounting policies (continued)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Under FRS 102.16.1, investment properties whose fair value cannot be measured reliably without undue cost or effort on an on-going basis is accounted for as property, plant and equipment using the cost model under FRS 102.17 unless a reliable measure of fair value becomes available and it is expected that the fair value will be reliably measured on an on-going basis. Subsequently the freehold land and buildings is accounted for as property, plant and equipment.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

1 Accounting policies (continued)

- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Stocks

Stocks, comprising land, property developments, building contracts in progress and other consumables are stated at the lower of cost and net realisable value, after deducting provisions for all known and foreseeable losses and payments received on account.

Cost comprises land, materials and labour together with an appropriate proportion of overheads.

Marshall Holdings Limited

Revised notes to the financial statements (continued)

For the year ended 31 December 2017

1 Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

1 Accounting policies (continued)

Taxation (continued)

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income in the period when the developments are sold. Grants relating to assets are recognised over the expected useful, being the period up to when the development is expected to be completed. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Turnover

Property development:

Turnover represents the sale value of land and completed developments for which offers have been received from third parties and completed during the year, resulting in a subsequent transfer of title. The amount of profit attributable to the stage of completion of long term development schemes is recognised when the outcome of that scheme can be foreseen with reasonable certainty by including in the profit and loss account turnover and related costs as the scheme progresses. Revenue is recognised when it can be 'reliably measured'. When an outcome of a transaction can be estimated reliably, the company shall recognise revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period.

Building contracting:

Turnover represents the value of work done for third parties. Turnover represents the value of work done during the year, net of valued added tax. The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be seen with reasonable certainty. Provision is made for any losses which are foreseen. Amounts recoverable on contracts, which are included in debtors, are stated at the net sales value of the work done less amounts invoiced as progress payments on account. Excess progress payments on account are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock.

Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

1 Accounting policies (continued)

Leases

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Other operating income

Other operating income includes rent receivable on properties held for resale, net of sundry administration expenses. Rentals are recognised on a straight-line basis over the lease term even if the payments are not made on such a basis. Benefits offered as an incentive to obtain suitable tenants are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted is shorter than the full lease term, in which case the shorter period is used.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the 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.

Critical judgements in applying the group's accounting policies

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 group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recognition of profit

Property development

Reviewing each development with respect to the stage of completion so as to determine whether profit can now be taken on the development post a certain stage of completion. The recognition is determined by internal quantity surveyors who have historic knowledge of each development and use their expertise with respect to each development to ascertain whether the milestone of c.50% has been reached for profit to be taken.

Building contractors

Reviewing each contract with respect to the stage of completion so as to determine whether profit can now be taken on the contract post a certain stage of completion. The recognition is determined by internal quantity surveyors who have historic knowledge of each contract and use their expertise with respect to each contract to ascertain whether the milestone has been reached for profit to be taken.

Contract variations

Variations to construction contracts are recognised in line with the entity's profit recognition policy. Variations are considered part of the adjoining contracts based on their close interrelation and therefore an overall profit margin is recognised when the outcome of the single contract can be seen with reasonable certainty. The initial contract and relating variations are combined for the purpose of recognising revenue, costs and attributable profits and losses in line with FRS 102 section 23.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The key source of estimation and uncertainty relates to the valuation of investments. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty.

Key source of estimation uncertainty - provisions against contractor liabilities

Included within creditors due within one year is an amount provided for with respect design and build liabilities that may arise post completion of a development. Although the directors do not believe that any liability would be subject to challenge, the design and build liability reflects the directors best estimate based on the available information as at 31 December 2017. The balance was previously included within trade creditors, however the directors have reviewed how such a liability should be disclosed and subsequently reclassified the provision to accruals during the year. The comparative balances have not been restated on the grounds that it impacts disclosure classification only.

Key source of estimation uncertainty - pension scheme liability

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends, refer to pension note for assumptions.

3 Turnover

The turnover and profit on ordinary activities before taxation, all of which arises in the United Kingdom, are attributable to the principal activities of the group as disclosed within the revised Strategic Report.

An analysis of the group's turnover by class of business is set out below.

Turnover:

	2017 £ 000	2016 £ 000
Property development	65,682	110,555
Building contractors	21,105	30,962
	<u>86,787</u>	<u>141,517</u>

Marshall Holdings Limited

Revised notes to the financial statements (continued)

For the year ended 31 December 2017

4 Finance costs (net)

	2017 £ 000	2016 £ 000
Investment income		
Other interest receivable and other income	182	188
Interest payable and similar charges		
On bank loans and overdrafts	(6)	(21)
Interest on preference shares	-	(25)
Interest on directors loan accounts	-	(52)
Net finance cost relating to pension liability	(294)	(183)
	<u>(118)</u>	<u>(93)</u>

5 Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2017 No.	2016 No.
Construction	133	147
Administration	55	52
	<u>188</u>	<u>199</u>

Their aggregate remuneration comprised:

	2017 £ 000	2016 £ 000
Wages and salaries	7,603	10,673
Social security costs	877	1,756
Pension costs, defined contribution scheme	1,217	1,145
	<u>9,697</u>	<u>13,574</u>

"Other pension costs" includes only those items included within operating costs. Items reported elsewhere have been excluded.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

6 Profit before taxation

Profit before tax is stated after charging/(crediting):

	2017	2016
	£ 000	£ 000
Depreciation of tangible fixed assets (see note 10)	572	606
Rental income	(1,384)	(556)
Loss/(profit) on disposal of tangible assets	180	(76)
Fees payable to the company's auditor for the audit of the company's financial statements	26	26
Fees payable to the company's auditor for the audit of the company's subsidiaries' financial statements	50	70
Fees payable to the company's auditor for other services (tax compliance)	40	71
Government grants	886	(1,468)
Cost of stock recognised as an expense	<u>69,184</u>	<u>109,071</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£ 000	£ 000
Emoluments	<u>129</u>	<u>130</u>

The number of directors who:

	2017	2016
	No.	No.
Are members of a defined benefit pension scheme	<u>2</u>	<u>2</u>

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

8 Taxation

The tax charge comprises:

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	991	2,090
UK corporation tax adjustment to prior periods	(597)	(491)
	<u>394</u>	<u>1,599</u>
Deferred tax		
Origination and reversal of timing differences	(162)	(90)
Effect of a change in the tax rates	11	76
Adjustments to tax charge in respect of prior periods	19	38
	<u>(132)</u>	<u>24</u>
Total deferred taxation		
	<u>262</u>	<u>1,623</u>
Total tax on profit		

Finance Act 2016, which was enacted in September 2016, further reduced the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation was substantively enacted at year end the impact of the anticipated rate change is reflected in the tax provisions reported in these accounts.

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016: the same as the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	<u>10,516</u>	<u>20,831</u>
Tax on profit at standard UK corporation tax rate of 19% (2016: 20)	2,024	4,166
Effects of:		
Income not taxable for tax purposes	(97)	(600)
Expenses not deductible for tax purposes	127	25
Effects of changes in tax rates	19	76
Adjustments to tax charge in respect of prior periods	(586)	(454)
Utilisation of tax losses	(1,224)	(1,590)
Rounding adjustment	(1)	-
	<u>262</u>	<u>1,623</u>
Tax charge for the year		

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

9 Dividends on equity shares

Amounts recognised as distributions to equity holders in the year:

	2017 £ 000	2016 £ 000
Final dividend for the year ended 31 December 2017 of £10.34 (2016: £13.80) per ordinary share	<u>1,500</u>	<u>2,000</u>

The company's redeemable preference shares are included in the balance sheet as a liability and accordingly the dividends payable on them are included in net finance costs.

10 Tangible assets

Group

(a) Summary

	Freehold land and buildings £ 000	Freehold investment properties £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation				
At 1 January 2017	4,992	17	3,808	8,817
Additions	-	-	722	722
Disposals	<u>(39)</u>	<u>-</u>	<u>(348)</u>	<u>(387)</u>
At 31 December 2017	<u>4,953</u>	<u>17</u>	<u>4,182</u>	<u>9,152</u>
Depreciation				
At 1 January 2017	1,477	-	2,973	4,450
Charge for the year	83	-	489	572
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(207)</u>	<u>(207)</u>
At 31 December 2017	<u>1,560</u>	<u>-</u>	<u>3,255</u>	<u>4,815</u>
Net book value				
At 31 December 2017	<u>3,393</u>	<u>17</u>	<u>927</u>	<u>4,337</u>
At 31 December 2016	<u>3,515</u>	<u>17</u>	<u>835</u>	<u>4,367</u>

The company has no tangible fixed assets.

The freehold investment properties are included at open market value as at 31 December 2012 as determined by C R Marshall (F.R.I.C.S.). Management do not consider the carrying amount to differ materially from that which would be determined using fair value at the end of the reporting period.

As set out in note 4, property rental income earned during the year was £934,000 (2016: £556,000). No contingent rents have been recognised as income in the current or prior year.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

10 Tangible assets (continued)

(b) Analysis of freehold land and buildings

	Land £ 000	Buildings £ 000	Total £ 000
Valuation in 1990	700	760	1,460

(c) Asset revaluations

The comparable amounts of properties determined according to the historical cost accounting rules would be as follows:

	Freehold land and buildings £ 000
Cost	
At 1 January 2017 and 31 December 2017	11,883
Depreciation	
At 1 January 2017	1,306
Charge for the year	-
At 31 December 2017	1,306
Net historical cost value	
At 31 December 2017	10,577
At 31 December 2016	10,577

The cost of land not depreciated is £700,000 (2016: £700,000).

Under FRS 102.16.1, investment properties whose fair value cannot be measured reliably without undue cost or effort on an on-going basis is accounted for as property, plant and equipment using the cost model under FRS 102.17 unless a reliable measure of fair value becomes available and it is expected that the fair value will be reliably measured on an on-going basis.

11 Fixed asset investments

	Group		Company	
	2017 £ 000	2016 £ 000	2017 £ 000	2016 £ 000
Subsidiary undertakings	-	-	1,115	1,115
Joint ventures	-	-	-	-
	-	-	1,115	1,115

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

11 Fixed asset investments (continued)

The parent company has investments in the following subsidiary undertakings:

Subsidiary undertakings	% of share capital held	Nature of business
A B 2011 Limited*	100%	Property development
Bolsterstone (Stockport) Limited*	100%	Intermediate holding company
Bridestone (Cheshire) Limited*	100%	Property development
Brogan Business Park*	100%	Dormant
Building Management Services Limited	100%	Building and civil engineering
CDP (Rotherham) Limited**	50%	Dormant
Colton Regeneration (Office Park) Limited*	100%	Property development
Commercial Development Consultants Limited*	100%	Dormant
Commercial Development Projects (Hull) Limited*	100%	Dormant
Commercial Development Projects Limited	100%	Property development
Commercial Developments Projects (Project Management) Limited	100%	Property investment
Commercial Location Properties Limited**	50%	Dormant
Conwy Properties Limited*	100%	Dormant
Daresbury Park Development Limited*	100%	Property development
FK Properties (Runcorn) Limited	100%	Property development
HWB Limited	100%	Property development
Marcon Plant Limited	100%	Dormant
Marshall (Building Contractors) Limited	100%	Building and civil engineering
Marshall (Homes) Limited*	100%	Dormant
Marshall Building Contractors (Facilities Management) Limited*	100%	Building and civil engineering
Marshall Construction (Northern) Limited**	50%	Dormant
Marshall Construction (West Yorkshire) Limited	100%	Building and civil engineering
Marshall Group Services Limited	100%	Services
Marshall Joinery Limited*	100%	Building and civil engineering
Marshall Real Estate Limited*	100%	Property investment

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

11 Fixed asset investments (continued)

Subsidiary undertakings	% of share capital held	Nature of business
Mount Charlotte Limited*	100%	Property development
Mount Cook Limited*	100%	Property development
N & A Percival Limited*	100%	Property development
Steedland Limited*	100%	Property development
SDB Investments Limited*	100%	Property development
Tru Property Investments Limited	100%	Property development
West Quarter Limited*	100%	Property development
Oulton 30 Leeds Limited**	50%	Property development
Oulton 30 Wakefield Limited*	75%	Property development
HLD (Manchester) Ltd	100%	Property development
Osset 40 Ltd	50%	Property development
Vision Development One Ltd	100%	Property development
CDP (Eden Business Park) Ltd*	100%	Property development

* Subsidiaries are indirectly held by the company.

** Although the company indirectly owns 50% of the ordinary share capital, the investment has been treated as a subsidiary undertaking because the group controls this investment, directing its financial and operating policies.

All subsidiaries are incorporated and operate in Great Britain and are registered in England and Wales. All subsidiaries have the same registered office address at Marshall House, Huddersfield Road, Elland, West Yorkshire, United Kingdom, HX5 9BW. The financial statements for all subsidiary undertakings are made up to 31st December.

The parent company has indirect investments in the following jointly controlled entities:

Joint ventures	% of share capital held	Nature of Business	Registered office address
Chartford Developments Limited	50%	Property development	The Tannery, 91 Kirkstall Road, Leeds, United Kingdom, LS3 1HS

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

11 Fixed asset investments (continued)

The following companies are exempt from the requirements relating to audit of individual accounts for the year ended 31 December 2017 by virtue of section 479A of the Companies Act 2006:

- A B 2011 Limited (07907546)
- Bridestone (Cheshire) Limited (06549150)
- Building Management Services Limited (01137306)
- Colton Regeneration (Office Park) Limited (04151730)
- Commercial Development Projects (Project Management) Limited (04386129)
- Daresbury Park Developments Limited (04077902)
- FK Properties (Runcorn) Limited (10401934)
- HLD (Manchester) Limited (09903052)
- HWB Limited (04215778)
- Marshall (Homes) Limited (00765538)
- Marshall (Joinery) Limited (00655804)
- Marshall (Real Estate) Limited (00943351)
- Marshall Building Contractors (Facilities Management) Limited (04241453)
- Marshall Group Services Limited (01271693)
- Mount Charlotte Limited (06772979)
- Mount Cook Limited (06772852)
- N & A Percival Limited (01019021)
- Osset 40 Ltd (10799474)
- Oulton 30 Leeds Limited (09794185)
- SDB Investments Limited (06978593)
- Steedland Limited (07970672)
- Tru Property Investments Limited (01165294)
- Vision Developments One Limited (09431303)
- West Quarter Ltd (05839475)

12 Acquisition of subsidiary undertaking

On 12th October 2017 the Company acquired 100 per cent of the issued share capital of Vision Development One Limited, a company whose primary activity is the development of property, for consideration comprising the issue of 1 ordinary shares of £2,807,928 each in the Company.

In accordance with section 615 of the Companies Act 2006, the Company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued. The resulting difference arising on consolidation has been credited to other reserves. As at the year ended 31 December 2017, the entity had not yet traded therefore no P&L activity was included in the consolidated profit and loss account in respect of Vision Development One Limited since the acquisition date.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

13 Stocks

	2017	2016
	£ 000	£ 000
Land held for development	225	479
Building materials and consumable stores	179	259
Completed property developments	663	8,035
Property developments in progress	140,281	107,531
	<u>141,348</u>	<u>116,304</u>

The company did not hold stock in either year.

There is no material difference between the balance sheet value of stocks and their replacement cost.

14 Debtors: amounts falling due within one year

		Group		Company	
	Note	2017	2016	2017	2016
		£ 000	£ 000	£ 000	£ 000
Trade debtors		5,892	7,127	-	-
Amounts recoverable on contracts		1,525	1,302	-	-
Amounts owed by subsidiary undertakings		-	-	36,698	9,864
Other debtors		11,221	6,143	-	82
Deferred tax assets	17	1,976	1,914	1,909	1,837
Prepayments		611	567	8	52
		<u>21,225</u>	<u>17,053</u>	<u>38,615</u>	<u>11,835</u>

15 Creditors: amounts falling due within one year

		Group		Company	
	Note	2017	2016	2017	2016
		£ 000	£ 000	£ 000	£ 000
Trade creditors		4,230	5,137	-	-
Amounts owed to subsidiary undertakings	21	-	-	1,657	3,249
Corporation tax	8	336	3,368	442	437
Bank overdraft		-	-	9,473	-
Social security and other taxes		1,781	2,070	94	805
Directors' loan accounts		1,457	1,873	1,464	1,873
Other creditors		4,937	2,944	2,606	2,934
Accruals and deferred income		15,679	19,790	213	291
		<u>28,420</u>	<u>35,182</u>	<u>15,949</u>	<u>9,589</u>

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

15 Creditors: amounts falling due within one year (continued)

The bank overdraft is not secured against any assets, no interest is charged as it is supported by the cross-guarantee agreement together with fellow group undertakings all the entities within the group (see note 22).

The directors' loan accounts, which have no fixed repayment date and earn interest at 2% above the National Westminster Bank Plc base rate, are stated after crediting dividends paid. During the year, £48,965 (2016: £52,153) of interest was accrued and the highest balance in the year was £1,463,932.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£ 000	£ 000	£ 000	£ 000
Redeemable preference shares of £nil (2016: 1,452,000)	-	1,452	-	1,452

On 23 September 2013 8,750,000 £1.00 preference shares were issued for consideration of £8,750,000. The shares are redeemable in January 2025. Under the Articles of Association, article 5.2, the company shall have the option, in its absolute discretion, to redeem the Redeemable Preference shares and during the year £1,452,000 (2016: £5,298,000) has been redeemed.

Redeemable preference shares carry an entitlement to dividend at the rate of 0.5% per share, per annum, of the issue price. Redeemable preference shares have no right to vote. Holders of the redeemable preference shares have the right on a winding-up to receive, in priority to any other class of shares, the amount equal to the issue price of such shares together with any arrears of dividend.

17 Deferred taxation

Group	£ 000
Deferred tax asset	
At 1 January 2017	1,914
Adjustment in respect of prior years	(11)
Deferred tax charge to profit and loss for the period	143
Deferred tax charge in other comprehensive income	(79)
At 31 December 2017	1,967

Marshall Holdings Limited

Revised notes to the financial statements (continued) **For the year ended 31 December 2017**

17 Deferred taxation (continued)

Company

Deferred tax asset

	£ 000
At 1 January 2017	1,837
Charged to other comprehensive income	151
Unused provision reversed	<u>(79)</u>
At 31 December 2017	<u>1,909</u>

Deferred tax

The deferred tax asset can be analysed as follows:

	Provided		Unprovided	
	2017	2016	2017	2016
	£ 000	£ 000	£ 000	£ 000
Group				
Depreciation in excess of capital allowances	-	-	-	3
Other timing differences	54	76	-	-
Deferred tax arising in relation to retirement benefit obligations	1,922	1,838	-	-
Trading losses carried forward	<u>-</u>	<u>-</u>	<u>6,623</u>	<u>7,899</u>
Deferred tax asset	<u>1,976</u>	<u>1,914</u>	<u>6,623</u>	<u>7,902</u>

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

The deferred tax asset can be analysed as follows:

	2017	2016
	£ 000	£ 000
Deferred tax assets		
Recoverable within one year	-	1
Recoverable after one year	<u>1,998</u>	<u>1,950</u>
	2017	2016
	£ 000	£ 000
Deferred tax liabilities		
Payable after one year	<u>(31)</u>	<u>(37)</u>

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

18 Financial instruments

The carrying values of the group's financial assets and liabilities are summarised by category below:

	2017 £ 000	2016 £ 000
Financial assets		
<i>Measured at undiscounted amount receivable</i>		
• Trade and other debtors (see note 14)	17,517	13,270
• Amounts recoverable on contracts (see note 14)	<u>1,525</u>	<u>1,302</u>
	<u>19,042</u>	<u>14,572</u>
	2017 £ 000	2016 £ 000
Financial liabilities		
<i>Measure at amortised cost</i>		
• Redeemable preference shares (see note 16)	-	1,452
<i>Measured at undiscounted amount payable</i>		
• Trade and other creditors (see note 15)	9,109	8,081
• Directors loans (see note 15)	<u>1,457</u>	<u>1,873</u>
	<u>10,566</u>	<u>11,406</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2017 £ 000	2016 £ 000
Interest income and expense		
Total interest income for financial assets amortised cost	<u>176</u>	<u>90</u>

19 Called-up share capital and reserves

Allotted, called-up and fully paid shares

	No. 000	2017 £ 000	No. 000	2016 £ 000
Ordinary shares of £1 each	<u>145</u>	<u>145</u>	<u>145</u>	<u>145</u>

The company has one class of ordinary shares which carry no right to fixed income.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

19 Called-up share capital and reserves (continued)

The group and company's other reserves are as follows:

Share premium

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

Profit and loss

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings.

20 Retirement benefit schemes

Defined benefit schemes

The parent company operates a defined benefit final salary pension scheme in the UK for the group. A formal actuarial valuation was carried out as at 31 December 2015 and the results of that valuation have been projected to 31 December 2017 with allowance for the payroll and benefit information provided by a qualified actuary and showed that the fair value of the scheme's assets was £38,521,000 and that the present value of the scheme's liabilities was £49,749,000, resulting in a deficit of £11,228,000.

Under the schedule of contributions, from 1 January 2017, the company will pay contributions of £69,206 per month, increasing at each subsequent January at the rate of 3% per annum. These contributions cover both the cost of accrual of future service benefits and deficit repair contributions.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	2017 %	2016 %
Key assumptions used:		
Discount rate	2.40	2.65
Future pension increases	3.00	3.00
Inflation	<u>3.40</u>	<u>3.45</u>

Marshall Holdings Limited

Revised notes to the financial statements (continued)

For the year ended 31 December 2017

20 Retirement benefit schemes (continued)

Mortality assumptions:

Investigations have been carried out into the mortality experience of the group's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2017 years	2016 years
Retiring today:		
Males	19.9	19.9
Females	21.9	21.9
Retiring in 20 years:	-	
Males	21.2	21.1
Females	23.4	23.3

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2017 £ 000	2016 £ 000
Current service cost	1,630	1,092
Net interest cost	294	183
Total profit and loss charge	1,924	1,275
Return on scheme assets	(2,382)	(4,799)
Recognised in other comprehensive income	1,917	10,900
Total cost relating to defined benefit scheme	1,459	7,376

The analysis of the scheme assets at the balance sheet date was as follows:

	2017 £ 000	2016 £ 000
Equity instruments	29,843	26,522
Bonds	7,343	6,810
Cash	1,335	1,345
	38,521	34,677

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

20 Retirement benefit schemes (continued)

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2017 £ 000	2016 £ 000
Present value of defined benefit obligations	(49,749)	(45,482)
Fair value of scheme assets	38,521	34,677
Deficit in scheme	<u>(11,228)</u>	<u>(10,805)</u>

Movements in the present value of defined benefit obligations were as follows:

	2017 £ 000	2016 £ 000
At 1 January	45,482	34,175
Current service cost	1,630	1,092
Interest cost	1,220	1,381
Actuarial gains and losses	1,917	10,900
Benefits paid	(763)	(2,339)
Employee contributions	263	273
At 31 December	<u>49,749</u>	<u>45,482</u>

Movements in the fair value of scheme assets were as follows:

	2017 £ 000	2016 £ 000
At 1 January	34,677	29,735
Return on plan assets	2,382	4,799
Benefits paid	(763)	(2,339)
Employee contributions	263	273
Employee contributions	1,036	1,011
Interest income	926	1,198
At 31 December	<u>38,521</u>	<u>34,677</u>

21 Related party transactions

A loan of £10,000,000 (2016: £4,223,150) which is included in other debtors, is receivable from Chartford Developments Limited, a 50% owned joint venture. Interest of £nil this loan was received during the year (2016: £nil).

Directors' transactions

See note 15 for details of the director's loan account.

Key management personnel

The total remuneration for key management personnel for the year totalled £129,000 (2016: £130,000), being directors' remuneration as disclosed in note 7.

Marshall Holdings Limited

Revised notes to the financial statements (continued) For the year ended 31 December 2017

22 Cross guarantees

The company, together with fellow group undertakings, has guaranteed the loans and bank overdrafts of certain group undertakings. At 31 December 2017 this amounted to £9,749,499 (2016: £4,698,657).

23 Controlling party

The ultimate controlling party is C.R. Marshall by virtue of his shareholding in Marshall Holdings Limited.