Registered number: 02512508

MARSTON GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

COMPANY INFORMATION

Directors	S B Newman (resigned 30 January 2019) R J Shearer A Lippiatt (resigned 30 November 2019) G Hughes (resigned 12 March 2019)
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	02512508
Registered office	Rutland House 8th Floor 148 Edmund Street Birmingham B3 2JR
Independent auditors	Grant Thornton UK LLP Statutory Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 711N
Solicitors	Squire Patton Boggs (UK) LLP 2 Park Lane Leeds LS3 1ES Travers Smith LLP 10 Snow Hill London EC1A 2AL

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2019

Introduction

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

Marston Group Limited ("the company") provides enforcement services and other debt recovery services, including:

- road traffic debt recovery;
- criminal fine enforcement;
- civil enforcement; and
- other enforcement.

Business review

The directors are satisfied with the performance of the business for the year. Turnover has decreased from £47.9m to £40.9m. Turnover has reduced due to some lines of business now being contracted out of other group companies. The company's key financial and other performance indicators are as follows:

	2019	2018
Turnover	**£40.9m**	**£47.9m**
Case volumes received	**753k**	**882k**

Principal risks and uncertainties

As with any business, the company is subject to risks. The directors have set out below the principal risk 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.

Volumes not guaranteed
Many of the company's contracts do not guarantee a set volume of work to be issued. The company manages this risk by maintaining a broad client base and a range of income streams. These income streams include tracing & investigation, information intelligence, debt collection, compliance recovery, fieldforce based residency confirmation, distress warrant and liability order enforcement, arrest warrant enforcement, high court writ enforcement and commercial rent recovery.

This risk is further mitigated by the company's operating model, which means that the majority of its costs are variable.

Future developments

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

This report was approved by the board on 5 February 2020 and signed on its behalf.

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R J Shearer
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2019

The directors present their annual report and the financial statements for the year ended 31 May 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £313,000 *(2018 - £3,337,000).*

The directors do not recommend a payment of a dividend (2018: £nil).

Directors

The directors who served during the year were:

S B Newman (resigned 30 January 2019)
R J Shearer
A Lippiatt (resigned 30 November 2019)
G Hughes (resigned 12 March 2019)

Items dealt with in the Strategic Report

- Principal activities
- Business review
- Principal risks and uncertainties
- Future developments

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2019

Employee involvement

The company continues to involve its staff in the future development of the business. Information is provided to employees through newsletters, the group's intranet, and via regular memoranda from management.

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 company that training, career development and promotion opportunities should be available to all employees.

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.

Post balance sheet events

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

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 5 February 2020 and signed on its behalf.

....
R J Shearer
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON GROUP LIMITED

Opinion

We have audited the financial statements of Marston Group Limited (the 'Company') for the year ended 31 May 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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.

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Grant Thornton UK LLP

Gary Jones (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
London
5 February 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2019

	Note	2019 £000	*2018 £000*
Turnover	4	**40,868**	*47,913*
Administrative expenses		**(30,864)**	*(33,041)*
Staff costs		**(1,750)**	*(7,301)*
Depreciation and amortisation		**(5,582)**	*(2,772)*
Operating profit	5	**2,672**	*4,799*
Share of partnership profits		**38**	*-*
Total operating profit		**2,710**	*4,799*
Interest payable and expenses	9	**(224)**	*(576)*
Profit before tax		**2,486**	*4,223*
Tax on profit	10	**(2,173)**	*(886)*
Profit for the financial year		**313**	*3,337*

The notes on pages 10 to 24 form part of these financial statements.

The above results were derived from continuing operations.

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

BALANCE SHEET
AS AT 31 MAY 2019

	Note		2019 £000		2018 £000
Fixed assets					
Intangible assets	11		**11,522**		*11,899*
Tangible assets	12		**5,846**		*5,263*
Investments	13		**11**		*11*
			17,379		*17,173*
Current assets					
Debtors	14	**130,264**		*100,615*	
Bank and cash balances		**4,420**		*5,820*	
		134,684		*106,435*	
Creditors: *amounts falling due within one year*	15	**(118,667)**		*(90,525)*	
Net current assets			**16,017**		*15,910*
Total assets less current liabilities			**33,396**		*33,083*
Net assets			**33,396**		*33,083*
Capital and reserves					
Profit and loss account	18		**33,396**		*33,083*
			33,396		*33,083*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 February 2020.

R J Shearer
Director

The notes on pages 10 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 June 2017	**-**	**29,746**	**29,746**
Profit for the year	**-**	**3,337**	**3,337**
At 1 June 2018	**-**	**33,083**	**33,083**
Profit for the year	**-**	**313**	**313**
At 31 May 2019	**-**	**33,396**	**33,396**

The notes on pages 10 to 24 form part of these financial statements.

1. General information

Marston Group 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:
Rutland House
148 Edmund Street
Birmingham
B3 2JR

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company meets the definition of a qualifying entity under FRS 102 and therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements.

The company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the Marston Group headed by Marston Corporate Limited.

Exemptions have been taken in relation to the presentation of a cash flow statement.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for a period extending at least 12 months from the date of approval of these financial statements. The directors therefore have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing these financial statements.

2. Accounting policies (continued)

2.3 Turnover

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

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.

Compliance fee accrual

Turnover is recognised on cases completing the fixed fee compliance process where the fee has not been recovered in full. The turnover is calculated based on the number of open cases completing the compliance process less a provision for collection risk based upon historic collection levels. No discounting for the time value of money is applied.

High Court abortive accrual

The High Court abortive fee is recognised as turnover at the point a case is received. This fee is guaranteed by the client if unsuccessfully collected from the customer. No discounting for the time value of money is applied.

2.4 Operating leases

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

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

2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Tax

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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. Accounting policies (continued)

2.9 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:

Columbus (software additions)	-	Over remaining useful life of Columbus (software)
Computer software	-	4 years straight line
Columbus (software)	-	10 years straight line
Other intangible fixed assets	-	5 years straight line

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the length of the lease
Motor vehicles	- 25%
Fixtures and fittings	- 12.5%
Computer equipment	- 25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.16 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.

2.17 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..

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

There are no significant estimates or judgements used in preparing these accounts, other than those detailed below.

Revenue recognition
Accrued revenue includes a level of estimation connected to the provision applied for future collection risk. This provision is based on historic trends.

Amortisation
Goodwill and intangible assets are being amortised over their deemed useful life. This period has been determined via a review of each asset, considering both historic and future factors. The directors believe the amortisation periods applied appropriately reflect the estimated useful life of the assets.

4. Turnover

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

	2019 £000	2018 £000
Road traffic debt recovery	18,000	19,593
Criminal fine enforcement	14,285	15,922
Civil enforcement	6,708	6,368
Other enforcement	1,875	6,030
	40,868	47,913

All turnover arose within the United Kingdom.

5. Profit before taxation

The profit before taxation is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible assets owned by the company	2,219	964
Amortisation	3,018	1,808
Operating lease rentals - motor vehicles	789	173
Operating lease expense - other	714	724

6. Auditors' remuneration

Audit fees are bourne by another group company. No other fees were paid to the auditor for non-audit services which is the same for the prior year.

7. Employees

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	1,409	6,577
Social security costs	138	617
Cost of defined contribution scheme	22	107
	1,569	7,301

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

	2019 No.	2018 No.
Operational	48	246
Administration	-	17
	48	263

8. Directors' remuneration

None of the directors were remunerated for their services to the company in year ended 31 May 2019 (2018: £nil). During the year, no retirement benefits were accruing to 4 directors (2018: 5) in respect of money purchase pension schemes. The highest paid director received remuneration of £nil (2018: £nil).

9. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	173	576
Other interest payable	51	-
	224	576

10. Taxation

	2019	*2018*
	£000	*£000*
Corporation tax		
Current tax on profits for the year	2,298	*886*
Total current tax	**2,298**	*886*
Deferred tax		
Origination and reversal of timing differences	(328)	-
Changes to tax rates	35	-
Adjustment in respect of previous periods	168	-
Total deferred tax	**(125)**	-
Taxation on profit on ordinary activities	**2,173**	*886*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019	*2018*
	£000	*£000*
Profit on ordinary activities before tax	2,486	*4,223*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	472	*802*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	569	*79*
Adjustments to tax charge in respect of prior periods	1,052	*6*
Group relief	45	-
Tax rate changes	35	*(1)*
Total tax charge for the year	**2,173**	*886*

10. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2015 included changes which will affect the future tax charge. The rate of corporation tax will reduce to 17% from 1 April 2020. This will reduce the company's future tax charge accordingly. The deferred tax assets and liabilities at 31 May 2019 have been calculated based on these rates.

11. Intangible assets

	Columbus (software) £000	Computer software £000	Other intangible asses £000	Total £000
Cost				
At 1 June 2018	9,738	5,576	2,753	18,067
Additions	774	1,160	707	2,641
At 31 May 2019	10,512	6,736	3,460	20,708
Amortisation				
At 1 June 2018	3,391	2,548	229	6,168
Charge for the year	82	2,762	174	3,018
At 31 May 2019	3,473	5,310	403	9,186
Net book value				
At 31 May 2019	7,039	1,426	3,057	11,522
At 31 May 2018	*6,347*	*3,028*	*2,524*	*11,899*

12. Tangible fixed assets

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 June 2018	15	3,716	948	3,826	8,505
Additions	-	1,955	26	821	2,802
At 31 May 2019	15	5,671	974	4,647	11,307
Depreciation					
At 1 June 2018	12	387	498	2,345	3,242
Charge for the year on owned assets	-	953	193	1,073	2,219
At 31 May 2019	12	1,340	691	3,418	5,461
Net book value					
At 31 May 2019	3	4,331	283	1,229	5,846
At 31 May 2018	*3*	*3,329*	*450*	*1,481*	*5,263*

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 June 2018	11
At 31 May 2019	11

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
A A Hutton LLP	12 Drumsheugh Gardens, Edinburgh, EH3 7QG	Sheriff Officers	Ordinary	1%
Scott & Co (Scotland) LLP	12 Drumsheugh Gardens, Edinburgh, EH3 7QG	Sheriff Officers	Ordinary	1%

14. Debtors

	2019 £000	*2018 £000*
Due after more than one year		
Deferred tax asset	**354**	*229*
	354	*229*
Due within one year		
Trade debtors	**1,441**	*2,430*
Amounts owed by group undertakings	**122,799**	*92,185*
Other debtors	**230**	*351*
Prepayments and accrued income	**5,440**	*4,536*
Corporation tax	**-**	*884*
	130,264	*100,615*

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

15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank overdrafts	-	147
Trade creditors	2,129	3,440
Amounts owed to group undertakings	108,257	80,469
Corporation tax	719	-
Other taxation and social security	379	679
Obligations under finance lease and hire purchase contracts	4,504	3,345
Other creditors	383	544
Accruals and deferred income	2,296	1,901
	118,667	90,525

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

16. Deferred taxation

	2019 £000
At beginning of year	229
Charged to profit or loss	125
At end of year	354

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	354	227
Short term timing differences	-	2
	354	229

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

17. Share capital

	2019	*2018*
	£000	*£000*
Allotted, called up and fully paid		
99 *(2018 - 99)* Ordinary shares of £1.00 each	-	-

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

18. Reserves

Profit and loss account

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

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £22,000 (2018 - £107,000) . Contributions totalling £nil (2018 - £11,000) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 May 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	*2018 £000*
Land and buildings		
Not later than 1 year	400	*422*
Later than 1 year and not later than 5 years	947	*1,402*
Later than 5 years	-	*48*
	1,347	*1,872*

	2019 £000	*2018 £000*
Other		
Not later than 1 year	40	*108*
Later than 1 year and not later than 5 years	46	*67*
	86	*175*

21. 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 2019, Marston Corporate Limited. Consolidated accounts are available from Embassy House, 60 Church Street, Birmingham, B3 2DJ.