MARSHALL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Registration No. 01272648 (England and Wales)

MARSHALL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	C R Marshall J Booth
Secretary	J Booth
Company number	01272648
Registered office	Marshall House Huddersfield Road Elland HX5 9BW
Auditor	Naylor Wintersgill Carlton House Grammar School Street Bradford BD1 4NS
Business address	Marshall House Huddersfield Road Elland HX5 9BW
Bankers	National Westminster Bank PLC North of Engaland Property Team 3rd Floor 2 Whitehall Quay Leeds LS1 4HR

MARSHALL HOLDINGS LIMITED

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MARSHALL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

This 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.

Fair 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 perfomance indicators
The group's turnover has increased from £86.8 million to £118.1 million, as shown in the group's profit and loss account on page 9. The operating profit has fallen from £10.6 million to £8.3 million. The group's profit after tax has fallen from £10.5 million to £7.5 million. The increase in turnover and fall in profit were expected and in line with anticipated development sales and forecasted levels of building contracts.

The balance sheet on page 11 shows the group's financial position at the end of 2018. Total net assets have increased from £139.2 million to £147.6 million over the year. The current ratio, being the ratio of current assets to current liabilities, has fallen from 6.16 to 4.39, but still remains strong demonstrating the group's continuing ability to meet in 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 £141.3 million to £153.6 million at the end of 2018.

Principal risks and uncertainties
The UK economic recovery is filtering through to the commercial development and construction industries in the north of England and the group hope to secure further pre-lettings and or pre-sales along with new construction opportunities throughout 2019 and beyond.

The development companies within the group will still however continue to remain cautious in respect of speculative development. To date in 2019, the group can report £24.4 million of sales. The development group continues to seek and develop design and build opportunities and secured a JV with a major pension fund to develop a new 120,000 sqft office building, following the demolition of Brazennose House. This 6 storey Grade A office building is the centrepiece of a regenerated Lincoln Square, linking Manchester Town Hall to Deansgate. It will have a roof terrace along with retail and restaurant units to the ground floor. The Group have also pre-let the 200 bedroom Hotel Brooklyn and Napoleon's Casino, Portland Street, Manchester to an international hotel operator and casino operator respectively.

The development group have also pre let/sold 110,000 sqft of industrial units in Gildersome, Leeds, along with pre letting a 125,000 sqft unit in Runcorn which has now been pre sold to a major institutional pension fund. The same fund having pre-purchased 100,000 sqft unit at Aston Fields, Runcorn.

The development group have also been successful in pre-selling a car show room and gym with an out- door pool at Gemini8, Warrington, along with pre-selling 110,000 sqft coldstore in Britonwood, Knowsley.

With healthy order books of secured work, strong balance sheets, excellent reputation and staff having many years' experience in construction and sufficient cash reserves, the construction companies are well positioned to cope with the continuing difficult market conditions. Throughout 2018 the construction companies secured the following contracts; 45,000 sqft industrial unit in Speke, the 34,000 sqft industrial unit in Hyde, the 35,000 sqft industrial unit in South Kirby, the 87,000 sqft Coldstore in Britonwood and a Gatehouse extension to an existing warehouse that the Company originally constructed, the 75,000 sqft unit for the NHS & Blood & Transport Unit in Barnsley, and two warehouse units in Barnsley, totalling 36,000 sqft. The 113,500 sqft Warehouse including offices in Runcorn completed earlier this year. The 200 bedroom Hotel Brooklyn and Napoleon's Casino in Manchester City Centre is on schedule and due to complete later this year.

The construction companies also secured the following contracts throughout 2018; four units totalling 140,000 sqft in Pontefract, two terraced units totalling 30,000 sqft in Malton, four industrial units totalling 132,000 sqft in Gildersome, Leeds.

During the early part of 2019 the construction companies commenced constructing a new 102,000 sqft building, following the demolition of Brazennose House. This 6 storey Grade A office building is the centrepiece of a new regenerated Lincoln Square, linking Manchester Town Hall and Deansgate. It will have a roof terrace and retail and restaurant units to the ground floor. The Company also commenced constructing a 91,500 sqft warehouse and offices in Runcorn, a 40,000 sqft single storey warehouse with offices in Irlam and four units totalling 26,000 sqft in Ripon.

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.

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.

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 £147.6 million on the financial statements. Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

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.

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 2019.

On behalf of the board

C R Marshall
Director
21 June 2019

MARSHALL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

The Group's principal activities, review of the business and key performance indicators, principal risk and uncertainties and future developments are presented in the Strategic Report.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C R Marshall
J Booth

Results and dividends
The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,500,000. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group 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 6. 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 13 years and 25% of the members of staff having over 20 years' service.

Auditor
Naylor Wintersgill Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

C R Marshall
Director
21 June 2019

MARSHALL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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). 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 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 then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARSHALL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Marshall Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 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 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MARSHALL HOLDINGS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Wainwright (Senior Statutory Auditor)
for and on behalf of Naylor Wintersgill Limited

21 June 2019

Chartered Accountants
Statutory Auditor

Carlton House
Grammar School Street
Bradford
BD1 4NS

MARSHALL HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £ 000	2017 £ 000
Turnover	3	118,134	86,787
Cost of sales		(98,761)	(69,184)
Gross profit		19,373	17,603
Administrative expenses		(12,684)	(8,430)
Other operating income		1,559	1,462
Operating profit	4	8,248	10,635
Interest receivable and similar income	8	373	182
Interest payable and similar expenses	9	(514)	(300)
Amounts written off investments	10	(625)	-
Profit before taxation		7,482	10,517
Tax on profit	11	(786)	(262)
Profit for the financial year		6,696	10,254

Profit for the financial year is all attributable to the owners of the parent company.

MARSHALL HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £ 000	2017 £ 000
Profit for the year	6,696	10,254
Other comprehensive income		
Revaluation of tangible fixed assets	1,505	-
Actuarial gain on defined benefit pension schemes	1,782	465
Tax relating to other comprehensive income	(129)	(79)
Other comprehensive income for the year	3,158	386
Total comprehensive income for the year	9,854	10,640

Total comprehensive income for the year is all attributable to the owners of the parent company.

MARSHALL HOLDINGS LIMITED

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	2018 £ 000	2018 £ 000	2017 £ 000	2017 £ 000
Fixed assets					
Tangible assets	13		5,713		4,197
Investment properties	14		140		140
			5,853		4,337
Current assets					
Stocks	17	153,558		141,348	
Debtors	18	36,333		21,225	
Cash at bank and in hand		10,119		11,947	
		200,010		174,520	
Creditors: amounts falling due within one year	19	(45,526)		(28,420)	
Net current assets			154,484		146,100
Total assets less current liabilities			160,337		150,437
Creditors: amounts falling due after more than one year	20		(1,889)		-
Provisions for liabilities	22		(103)		-
Net assets excluding pension liability			158,345		150,437
Defined benefit pension liability	27		(10,782)		(11,228)
Net assets			147,563		139,209
Capital and reserves					
Called up share capital	24		145		145
Share premium account			10,250		10,250
Revaluation reserve			1,934		482
Capital redemption reserve			86		86
Profit and loss reserves			135,148		128,246
Total equity			147,563		139,209

The financial statements were approved by the board of directors and authorised for issue on 21 June 2019 and are signed on its behalf by:

C R Marshall

C R Marshall
Director

MARSHALL HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Fixed assets					
Investments	**15**		1,115		1,115
Current assets					
Debtors	**18**	43,483		38,615	
Creditors: amounts falling due within one year	**19**	(17,859)		(15,950)	
Net current assets			25,624		22,665
Total assets less current liabilities			26,739		23,780
Net assets excluding pension liability			26,739		23,780
Defined benefit pension liability	**27**		(10,782)		(11,228)
Net assets			15,957		12,552
Capital and reserves					
Called up share capital	**24**		145		145
Share premium account			9,969		9,969
Capital redemption reserve			86		86
Profit and loss reserves			5,757		2,352
Total equity			15,957		12,552

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,199 (2017 - £3,794 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 June 2019 and are signed on its behalf by:

C R Marshall

C R Marshall
Director

Company Registration No. 01272648

MARSHALL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £ 000	Share premium account £ 000	Revaluation reserve £ 000	Capital redemption reserve £ 000	Profit and loss reserves £ 000	Total £ 000
Balance at 1 January 2017		145	10,250	482	86	119,106	130,069
Year ended 31 December 2017:							
Profit for the year		-	-	-	-	10,254	10,254
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	465	465
Tax relating to other comprehensive income		-	-	-	-	(79)	(79)
Total comprehensive income for the year		-	-	-	-	10,640	10,640
Dividends	12	-	-	-	-	(1,500)	(1,500)
Balance at 31 December 2017		145	10,250	482	86	128,246	139,209
Year ended 31 December 2018:							
Profit for the year		-	-	-	-	6,696	6,696
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	1,505	-	-	1,505
Actuarial gains on defined benefit plans		-	-	-	-	1,782	1,782
Tax relating to other comprehensive income		-	-	(53)	-	(76)	(129)
Total comprehensive income for the year		-	-	1,452	-	8,402	9,854
Dividends	12	-	-	-	-	(1,500)	(1,500)
Balance at 31 December 2018		145	10,250	1,934	86	135,148	147,563

MARSHALL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Profit and loss reserves £ 000	Total £ 000
Balance at 1 January 2017		145	9,969	86	(328)	9,872
Year ended 31 December 2017:						
Profit for the year		-	-	-	3,794	3,794
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	465	465
Tax relating to other comprehensive income		-	-	-	(79)	(79)
Total comprehensive income for the year		-	-	-	4,180	4,180
Dividends	12	-	-	-	(1,500)	(1,500)
Balance at 31 December 2017		145	9,969	86	2,352	12,552
Year ended 31 December 2018:						
Profit for the year		-	-	-	3,199	3,199
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	1,782	1,782
Tax relating to other comprehensive income		-	-	-	(76)	(76)
Total comprehensive income for the year		-	-	-	4,905	4,905
Dividends	12	-	-	-	(1,500)	(1,500)
Balance at 31 December 2018		145	9,969	86	5,757	15,957

MARSHALL HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £ 000	2018 £ 000	2017 £ 000	2017 £ 000
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	28		1,248		(21,188)
Interest paid			(231)		300
Income taxes paid			(1,271)		(3,427)
Net cash outflow from operating activities			(254)		(24,315)
Investing activities					
Purchase of tangible fixed assets		(632)		(722)	
Proceeds on disposal of tangible fixed assets		185		387	
Interest received		373		181	
Net cash used in investing activities			(74)		(154)
Financing activities					
Redemption of shares		-		(1,452)	
Repayment of bank loans		-		(416)	
Dividends paid to equity shareholders		(1,500)		(1,500)	
Net cash used in financing activities			(1,500)		(3,368)
Net decrease in cash and cash equivalents			(1,828)		(27,837)
Cash and cash equivalents at beginning of year			11,947		39,784
Cash and cash equivalents at end of year			10,119		11,947

1 Accounting policies

Company information

Marshall Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Marshall House, Huddersfield Road, Elland, HX5 9BW.

The group consists of Marshall Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ 000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The consolidated financial statements incorporate those of Marshall Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies **(Continued)**

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 *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 the scheme can be foreseen with reasonable certainty by including in the profit and loss account the turnover and related costs as the scheme progresses.

Building contracting

Turnover represents the value of work performed for third parties net of value added tax. The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the 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 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 are included as long term contract balances stock.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values on a straight line basis over thier expected useful life as follows:

Freehold buildings	50 years
Office equipment and light plant	2 - 4 years
Heavy plant	5 years
Computers	1 - 4 years
Motor vehicles	3 - 4 years

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1 Accounting policies **(Continued)**

1.5 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 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 on received on accounts.

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Other operating income includes rent receivable on properties held for resale, net of sundry administration expenses. Rents are recognised on a straight line basis over the term of the relevant lease even if the payments are not made on such a basis. Benefits offered as an incentive to obtain suitable tenants are similarly spread.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on 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 historical 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 the profit to be taken.

Building contracts

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 historical knowledge of each development and use their expertise with respect to each development to ascertain whether the milestone has been reached for the profit to be taken.

Contract variations

Variations to contracts are recognised in line with the entity's profit recognition policy. Variations are considered part of the adjoining contracts based on their close inter-relation and therefore an overall profit margin is recognised when the outcome of a 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 FRS102 section 23.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provisions against contractor liabilities

Included within creditors due within one year is an amount provided for with respect to design and build liabilities that may arise post completion of 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 at the balance sheet date.

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 upon 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 are detailed in the pension note.

3 Turnover and other revenue

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 Strategic Report.

	2018	2017
	£ 000	£ 000
Turnover analysed by class of business		
Property development	86,487	65,682
Building contractors	31,648	21,105
	118,134	86,787

4 Operating profit

	2018	2017
	£ 000	£ 000
Operating profit for the year is stated after charging/(crediting):		
Rental income	(1,559)	(1,384)
Government grants	(886)	(695)
Depreciation of owned tangible fixed assets	578	572
(Profit)/loss on disposal of tangible fixed assets	(135)	180
Cost of stocks recognised as an expense	98,761	69,184

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£ 000	£ 000
For audit services		
Audit of the financial statements of the group and company	13	26
Audit of the financial statements of the company's subsidiaries	84	50
	97	76

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group	
	2018	2017
	Number	Number
Construction	135	133
Administration	55	55
	190	188

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2018 £ 000	2017 £ 000
Wages and salaries	10,190	7,603
Social security costs	1,288	877
Pension costs	2,353	1,831
	13,831	10,311

7 Directors' remuneration

	2018 £ 000	2017 £ 000
Remuneration for qualifying services	141	129

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2017 - 2).

8 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Other interest	373	182

9 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Interest on bank overdrafts and loans	21	6
Interest on the net defined benefit liability	282	294
Other interest	211	-
Total finance costs	514	343

10 Amounts written off investments

	2018 £ 000	2017 £ 000
Amounts written back to current loans	90	-
Other gains and losses	535	-
	625	-

11 Taxation

	2018 £ 000	2017 £ 000
Current tax		
UK corporation tax on profits for the current period	628	993
Adjustments in respect of prior periods	143	(599)
Total current tax	771	394
Deferred tax		
Origination and reversal of timing differences	17	(133)
Changes in tax rates	(2)	1
Previously unrecognised tax loss, tax credit or timing difference	(1)	-
Adjustment in respect of prior periods	1	-
Total deferred tax	15	(132)
Total tax charge	786	262

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £ 000	2017 £ 000
Profit before taxation	7,482	10,515
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	1,422	2,024
Tax effect of expenses that are not deductible in determining taxable profit	655	127
Tax effect of income not taxable in determining taxable profit	-	(97)
Tax effect of utilisation of tax losses not previously recognised	(1,129)	(1,225)
Adjustments in respect of prior years	(143)	599
Effect of change in corporation tax rate	-	19
Group relief	(180)	(1,053)
Under/(over) provided in prior years	146	-
Deferred tax	15	(132)
Taxation charge	786	262

11 Taxation **(Continued)**

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018	2017
	£ 000	£ 000
Deferred tax arising on:		
Revaluation of property	53	-
Actuarial differences recognised as other comprehensive income	76	79
Total tax recognised in other comprehensive income	129	79

12 Dividends

	2018	2017
	£ 000	£ 000
Final paid	1,500	1,500

13 Tangible fixed assets

Group	Freehold buildings	Office equipment and light plant	Heavy plant	Computers	Motor vehicles	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cost or valuation						
At 1 January 2018	4,813	1,820	783	13	1,594	9,023
Additions	-	340	2	-	290	632
Disposals	-	(204)	(3)	-	(362)	(569)
Revaluation	(102)	-	-	-	-	(102)
At 31 December 2018	4,711	1,956	782	13	1,522	8,984
Depreciation and impairment						
At 1 January 2018	1,524	1,419	755	13	1,117	4,828
Depreciation charged in the year	83	179	10	-	306	578
Eliminated in respect of disposals	-	(204)	(3)	-	(321)	(528)
Revaluation	(1,607)	-	-	-	-	(1,607)
At 31 December 2018	-	1,394	762	13	1,102	3,271
Carrying amount						
At 31 December 2018	4,711	562	20	-	420	5,713
At 31 December 2017	3,291	401	45	-	460	4,197

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

13 Tangible fixed assets **(Continued)**

The carrying value of land and buildings comprises:

	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Freehold	700,000	700,000	-	-

Land and buildings with a carrying amount of £3,195,024 were revalued at 15 January 2019 by Walker Singleton (Commercial) Ltd, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Cost	4,070,505	4,070,505	-	-
Accumulated depreciation	(1,436,413)	(1,349,799)	-	-
Carrying value	2,634,092	2,720,706	-	-

14 Investment property

	Group 2018 £ 000	Company 2018 £ 000
Fair value		
At 1 January 2018 and 31 December 2018	140	-

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2012 by C R Marshall (F.R.I.C.S). Management do no consider the carrying amount to differ materially from that which would be determined using the fair value at the reporting period end.

As set out in note 4, property rental income earned during the year was £1,559,000 (2017 - £1,384,000). No contingent rents have been recognised as income in the current or prior year.

15 Fixed asset investments

	Notes	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Investments in subsidiaries	16	-	-	1,115	1,115

15 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Company

	Shares in group undertakings £ 000
Cost or valuation	
At 1 January 2018 and 31 December 2018	1,115
Carrying amount	
At 31 December 2018	1,115
At 31 December 2017	1,115

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct	Indirect
A B 2011 Limited	Dormant	Ordinary		100.00
Bridestone (Cheshire) Limited	Property development	Ordinary		100.00
Brogan Business Park Limited	Dormant	Ordinary		100.00
Building Management Services Limited	Building and civil engineering	Ordinary		100.00
CDP (Rotherham) Limited	Dormant	Ordinary		50.00
Colton Regeneration (Office Park) Limited	Property development	Ordinary		100.00
Commercial Development Consultants Limited	Dormant	Ordinary		100.00
Commercial Development Projects (Hull) Limited	Dormant	Ordinary		100.00
Commercial Developments Limited	Property development	Ordinary	100.00	
Commercial Developments Projects (Project Management) Limited	Property investment	Ordinary	100.00	
Commercial Location Properties Limited*	Dormant	Ordinary		50.00
Conwy Properties Limited	Dormant	Ordinary		100.00
Bolderstone (Stockport) Limited	Intermediate holding company	Ordinary		100.00
Daresbury Park Development Limited	Property development	Ordinary	100.00	
FK Properties (Runcorn) Limited	Property development	Ordinary		100.00
HWB Limited	Property development	Ordinary	100.00	
Marcon Plant Limited	Dormant	Ordinary	100.00	
Marshall (Building Contractors) Limted	Building and civil engineering	Ordinary	100.00	
Marshall (Homes) Limited	Property development	Ordinary	100.00	
Marshall Building Contractors (Facilities Management) Limited	Building and civil engineering	Ordianry	100.00	
Marshall Construction (Northern) Limited*	Dormant	Ordinary	50.00	
Marshall Construction (West Yorkshire) Limited	Building and civil engineering	Ordinary	100.00	
Marshall Group Services Limited	Services	Ordinary	100.00	
Marshall Joinery Limited	Building and civil engineering	Ordinary	100.00	
Marshall (Real Estate) Limited	Property investment	Ordinary		100.00
Mount Charlotte Limited	Property development	Ordinary	100.00	
Mount Cook Limited	Property development	Ordinary		100.00
N & A Percival Limited	Property development	Ordianry		100.00
N & A Percival (Ashtead) Limited	Property development	Ordinary		100.00
Steedland Limited	Property development	Ordinary		100.00
SDB Investments Limited	Dormant	Ordinary	100.00	
Tru Property Investments Limited	Property investment	Ordinary	100.00	
West Quarter Limited	Property development	Ordinary		100.00

16 Subsidiaries (Continued)

Oulton 30 Leeds Limited*	Property development	Ordinary		50.00
Oulton 30 Wakefield Limited	Property development	Ordinary		100.00
HLD (Manchester) Limited	Property development	Ordianry	100.00	
Ossett 40 Limited	Property development	Ordinary	50.00	
Vision Development One Ltd	Property development	Ordinary	100.00	
CDP (Eden Business Park) Ltd	Dormant	Ordinary		100.00

* 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.

The registered office for all companies within the group is Marshall House, Huddersfield Road, Elland, HX5 9BW.

17 Stocks

	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Land held for development	340	225	-	-
Building materials and consumables stores	900	179	-	-
Property developments in progress	150,002	140,281	-	-
Completed property developments	2,316	663	-	-
	153,558	141,348	-	-

18 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Trade debtors	3,924	5,892	-	-
Gross amounts owed by contract customers	10,930	1,525	-	-
Corporation tax recoverable	7	-	-	-
Amounts owed by group undertakings	-	-	41,595	36,698
Other debtors	1,272	1,221	47	-
Prepayments and accrued income	525	611	8	8
	16,658	9,249	41,650	36,706
Amounts falling due after more than one year:				
Other debtors	17,745	10,000	-	-
Deferred tax asset (note 22)	1,930	1,976	1,833	1,909
	19,675	11,976	1,833	1,909
Total debtors	36,333	21,225	43,483	38,615

19 Creditors: amounts falling due within one year

	Notes	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Bank loans and overdrafts		-	-	10,080	9,473
Trade creditors		3,838	4,230	-	-
Amounts owed to group undertakings		-	-	1,601	1,657
Corporation tax payable		782	336	5	442
Other taxation and social security		1,933	1,781	925	94
Deferred income	23	1,731	912	-	-
Other creditors		4,958	6,394	4,954	4,070
Accruals and deferred income		32,284	14,767	294	213
		45,526	28,420	17,859	15,949

20 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Deferred income	23	889	-	-	-
Other creditors		1,000	-	-	-
		1,889	-	-	-

21 Financial instruments

	Group 2018 £ 000	2017 £ 000	Company 2018 £ 000	2017 £ 000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	22,007	19,042	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	42,080	10,566	n/a	n/a

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2018 £ 000	Liabilities 2017 £ 000	Assets 2018 £ 000	Assets 2017 £ 000
Accelerated capital allowances	103	-	97	67
Retirement benefit obligations	-	-	1,833	1,909
	103	-	1,930	1,976

Company	Liabilities 2018 £ 000	Liabilities 2017 £ 000	Assets 2018 £ 000	Assets 2017 £ 000
Retirement benefit obligations	-	-	1,833	1,909

23 Government grants

	Group 2018	2017	Company 2018	2017
	£ 000	£ 000	£ 000	£ 000
Deferred income is included in the financial statements as follows:				
Current liabilities	1,731	912	-	-
Non-current liabilities	889	-	-	-
	2,620	912	-	-

24 Share capital

	Group and company 2018	2017
Ordinary share capital	£ 000	£ 000
Issued and fully paid		
145,000 (2017: 145,000) Ordinary of £1 each	145	145

25 Cross guarantees

The Company, together with fellow group undertakings, has guaranteed the loans and bank overdrafts of certain group undertakings. At 31 December 2018 this amounted to £7,956,945 (2017 - £9,748,891).

26 Controlling party

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

27 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£ 000	£ 000
Charge to profit or loss in respect of defined contribution schemes	230	201

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

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 2018 with allowance for payroll and benefit information provided by a qualified actuary and showed that the fair value of the scheme's assets was £36,542,000 and that the present value of the scheme's liabilities was £47,324,000, resulting in a deficit of £10,782,000.

27 Retirement benefit schemes **(Continued)**

Key assumptions	2018 %	2017 %
Discount rate	2.80	2.40
Expected rate of increase of pensions in payment	3.00	3.00
Expected rate of salary increases	4.90	4.90

Mortality assumptions Assumed life expectations on retirement at age 65:	2018 Years	2017 Years
Retiring today		
- Males	85.0	84.9
- Females	87.0	86.9
Retiring in the future		
- Males	86.3	86.2
- Females	88.5	88.4

Amounts recognised in the profit and loss account	2018 £ 000	2017 £ 000
Current service cost	1,660	1,630
Net interest on defined benefit liability/(asset)	282	294
Other costs and income	469	-
Total costs	2,411	1,924

Amounts taken to other comprehensive income	2018 £ 000	2017 £ 000
Actual return on scheme assets	1,785	(3,308)
Less: calculated interest element	922	926
Return on scheme assets excluding interest income	2,707	(2,382)
Actuarial changes related to obligations	(4,489)	1,917
Total costs/(income)	(1,782)	(465)

27 Retirement benefit schemes **(Continued)**

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

Group	2018 £ 000	2017 £ 000
Present value of defined benefit obligations	47,324	49,749
Fair value of plan assets	(36,542)	(38,521)
Deficit in scheme	10,782	11,228

Company	2018 £ 000	2017 £ 000
Present value of defined benefit obligations	47,324	49,749
Fair value of plan assets	(36,542)	(38,521)
Deficit in scheme	10,782	11,228

Movements in the present value of defined benefit obligations	Group 2018 £ 000	Company 2018 £ 000
Liabilities at 1 January 2018	49,749	49,749
Current service cost	1,660	1,660
Past service cost	469	469
Benefits paid	(1,559)	(1,559)
Contributions from scheme members	290	290
Actuarial gains and losses	(4,489)	(4,489)
Interest cost	1,204	1,204
At 31 December 2018	47,324	47,324

The defined benefit obligations arise from plans which are wholly or partly funded.

27 Retirement benefit schemes (Continued)

Movements in the fair value of plan assets	Group 2018 £ 000	Company 2018 £ 000
Fair value of assets at 1 January 2018	38,521	38,521
Interest income	922	922
Return on plan assets (excluding amounts included in net interest)	(2,707)	(2,707)
Benefits paid	(1,559)	(1,559)
Contributions by the employer	1,075	1,075
Contributions by scheme members	290	290
At 31 December 2018	36,542	36,542

The actual return on plan assets was £(1,785) (2017 - £3,308).

28 Cash generated from group operations

	2018 £ 000	2017 £ 000
Profit for the year after tax	6,696	10,254
Adjustments for:		
Taxation charged	784	262
Finance costs	514	300
Investment income	(373)	(182)
Gain on disposal of tangible fixed assets	(135)	(207)
Depreciation and impairment of tangible fixed assets	578	572
Pension scheme non-cash movement	1,054	594
Movements in working capital:		
(Increase) in stocks	(12,194)	(25,044)
(Increase) in debtors	(19,709)	(4,119)
Increase/(decrease) in creditors	23,803	(5,893)
Increase in deferred income	230	2,275
Cash generated from/(absorbed by) operations	1,248	(21,188)