

COMPANY REGISTRATION NUMBER 02661432

Marshall Land Systems Limited
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2020



Marshall Land Systems Limited
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

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Marshall Land Systems Limited

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors	R.D. Cutting G.J.S. Moynihan D.S. Wilkinson
Company secretary	S.J. Moynihan
Registered office	Airport House The Airport Cambridge CB5 8RY
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Barclays Bank Plc 9-11 St Andrews Street Cambridge CB2 3AA
Solicitors	Eversheds LLP Kett House Station Road Cambridge CB1 2JY

Marshall Land Systems Limited

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

The directors of Marshall Land Systems Limited ('company') present their report and financial statements containing a strategic report, directors' report and the financial statements for the year ended 31 December 2020.

Principal Activity

The principal activity of the company during the year was as a military equipment provider focused on providing operational capability for the UK Ministry of Defence and other international governments, either directly or through sub-contracts with other aerospace & defence industry companies. Our products are provided for deployable operations such as command and control shelters, medical facilities and specialist workshops. The products are particularly applicable to environments with demanding user requirements and climatic extremes. We also support our own products and others with comprehensive maintenance and support offerings.

Key Performance Indicators

The company's performance is assessed through varying quality and delivery metrics and the financial performance is primarily monitored through turnover and profit before tax, however the company also uses other key indicators to drive improvement through the business. These are reported in management accounts and reviewed regularly at Board and other management meetings.

	2020	2019
Turnover (£000's)	41,422	26,886
Gross profit as % of sales	19%	29%
Operating Profit before separately disclosed items (£000's)	2,389	2,759
Profit before tax (£000's)	2,253	2,799
Order intake (£000's)	21,470	71,729
Current assets as a % of current liabilities	154%	203%
Average number of employees	248	199

- The increase in turnover was primarily driven by the production commencement of a number of high value contracts.
- Gross profit as a percentage of sales decreased as a result of the introduction of these larger contracts operating at higher volumes, but lower gross margins than the business delivered in 2019.
- Profit before tax included £0.16m of exceptional items, which related to restructuring costs.
- Order intake decreased compared to 2019, however this was fully expected given the significant success achieved in 2018 and 2019.
- The average number of employees increased in 2020 and is reflective of the growth in the business during the year.

Business Review

2020 was a challenging year due to the disruptions caused by Covid 19 and efforts required in preparation for Brexit and the roll out of a new ERP system. This resulted in production disruptions mainly through supply chain shortages and some impacts to the efficiency of our operations. Whilst the business coped well with these challenges, they have had a bearing on the full year results. Gross margins were expected to be lower at 19% due to the mix of projects delivered in the year with lower margins but higher volumes. However, due to delays on these large projects through supplier disruptions and required design iterations, the volumes delivered were lower than planned. This resulted in a lower Operating Profit before separately disclosed items of £2.4m (down £0.4m).

The business added new orders of £21.5m in the year which is down on the prior year but as expected due to the timing of further large opportunities in the pipeline. The business orderbook and pipeline remain high and there is optimism of success on future large deals. During 2020 the business has continued to grow its team across both direct and indirect staff to provide the strength and capacity to deliver against the large projects already won and further opportunities.

Marshall Land Systems Limited

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2020

Business Review (continued)

The company continues to have access to sufficient working capital to allow it to continue trading effectively for the foreseeable future and continues to deliver against the strategic plan.

Future Developments

The business continues to grow in core markets of deployable infrastructure, vehicle integration platforms and managed support services, both as the prime contractor and tier 1 partner of choice or strategic support supplier. The strategic focus remains consistent with a push to win more business in Northern Europe and North America utilising the relationships with other group companies and there is a continuing focus on the growth of our Managed Support offerings to our customers which will improve the consistency and profitable mix of revenue flows for the business. The company continues to invest in new capabilities and has now begun a transformation programme to ensure its systems are utilised to best advantage and its services are delivered as efficiently as possible.

Principal Risks and Uncertainties

The company has implemented a co-ordinated set of risk management and control systems as part of the Marshall Aerospace and Defence Group. This includes strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. The following principal risks have been identified:

Coronavirus / COVID-19

Following the emergence of the COVID-19 pandemic in early 2020, all businesses have been subject to either direct impact through reduced customer demand for services or operational disruption caused by the need to facilitate increased working from home and absence amongst its workforce. The nature of the sector in which the company operates means that we have not seen, nor do we expect to see, any significant change in the demand for our services as a result of COVID-19 and therefore do not anticipate any material impact on our revenue streams. Our primary risk is therefore ensuring that we are able to continue to support customers by managing our workforce to support increased home working and to cope with increased sickness absence from our employees. Appropriate actions have been implemented to prioritise operational activities across the company, creating sufficient additional bandwidth to cope with increased sickness absence and also alleviate the burdens on technical infrastructure bandwidth necessary to support the significant expected increase in working from home. We also continue to work with our supply chain partners to ensure we do not suffer indirect disruption as a result of their responses to the COVID-19 pandemic. In the event that the reasonably foreseeable operational disruption does cause an impact on cash flow, the Directors have considered the facilities available to it under the Group Treasury arrangements in place with its ultimate parent company, Marshall of Cambridge (Holdings) Limited, and are satisfied that these are sufficient and appropriate to ensure the company can continue to operate effectively. Further disclosure on these risks is given in Note 1 of these financial statements.

Failure to maintain and grow a sustainable order book

The company has built upon significant order book success in 2018 by securing further contract extensions on key contracts, whilst simultaneously securing a further high value design and manufacturing order. This keeps the business on track for the strategic target to secure at least one significant contract each year. The more structured approach to bidding for order pipeline opportunities has given us increased confidence in continuing to achieve the target going forward.

Inadequate employee skills and experience and loss of key staff

People are the company's key asset and it invests a tremendous amount to ensure that it is not exposed to skill shortages in the business and that its staff are trained to an excellent standard. The company has a detailed people agenda and with a current focus on talent management, skill development, flexible benefits and terms & conditions harmonisation, the latter particularly designed to encourage improved employee engagement.

Failure to deliver effective working capital management

The underlying risk environment has not altered significantly since the prior year. However, our growth aspirations will naturally place more emphasis on effective working capital management in order to maintain our ability to effectively service these contracts. Accordingly, the company continues to manage working capital closely and work with customers during programme procurement to ensure programme cash profiles are balanced across the project portfolio.

Marshall Land Systems Limited

STRATEGIC REPORT (*continued*)

YEAR ENDED 31 DECEMBER 2020

Principal Risks and Uncertainties (*continued*)

Cyber Security

Risks and incidents in the area of cyber security are well publicised in the press. However, the company operates within a market sector that is susceptible to malicious acts initiated by highly capable and well funded operations which, potentially, could ultimately be backed by nation states. Accordingly, the underlying threat profile faced by the organisation is deemed sufficiently significant that it is considered a key business risk. The company mitigates its risk in this area by running a rolling cyber security strategy programme which regularly reviews the risk profile and identifies potential control gaps and the remedial action necessary to address them prior to their exploitation.

Business disruption / safety issue caused by malicious act or breach of physical security

The nature of the company's business means that safety concerns are integral and critical to its operational effectiveness. Managing risks which could contribute to events in these areas has been, and continues to be, core to the company's operational procedures and is monitored on a regular basis at a board level.

Exchange rate and credit risk

The company is exposed to exchange rate variations in both customer and supplier contracts; an imbalance in these could lead to significant exchange rate risk exposure. The company uses foreign exchange hedging instruments to mitigate this risk on a case by case basis.

The directors have considered the impact and have appropriate plans to mitigate credit risk on the business and, given the nature of the company's customer base, do not consider it to be significant.

Liquidity and cash flow risk

Liquidity and cash flow risks relate to the ability to pay for goods and services required by the company to trade on a day to day basis. The company participates in the Marshall of Cambridge (Holdings) Limited group treasury arrangements coordinated by the company's immediate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its immediate parent and fellow group undertakings.

The directors have considered the current and future activities of the company, including cash forecasts for a period covering at least the next 12 months, and do not consider the liquidity and cash flow risks to be significant.

Signed by order of the board of directors

DocuSigned by:
Sarah Moynihan
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S.J. Moynihan
Company Secretary

Approved by the directors on 22nd July 2021

Marshall Land Systems Limited

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2020

The directors present their Report and Financial Statements of the company for the year ended 31 December 2020.

RESULTS AND DIVIDENDS

The company made an operating profit before separately disclosed items of £2,388,804 (2019: £2,759,174) and a profit after tax of £1,830,046 (2019: £2,254,465) for the year. The directors do not recommend the payment of a dividend (2019: £nil).

DIRECTORS

The directors who served the company during the year and to the date of this report, except as stated otherwise, were as follows:

M.G. Banfield (appointed 1 September 2020 and resigned 13 July 2021)
R.D. Cutting
G.J.S. Moynihan
A.D. McPhee (resigned 17 September 2020)
D.S. Wilkinson (appointed 1 September 2020)

In accordance with the Articles of Association, R.D. Cutting and G.J.S. Moynihan retire by rotation and, being eligible, offers themselves for re-election.

All directors are also directors of other subsidiary undertakings of the ultimate parent company. No director had any interest in the share capital of the company or of any other group company during the year.

None of the directors holding office at 31 December 2020 had notified a beneficial interest in any contract to which the company or its fellow group undertakings were a party during the financial year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The ultimate parent company purchased and maintained a directors' and officers' liability insurance policy throughout the year. Although a director's defence costs may be met, neither the ultimate parent company's indemnity nor insurance provides cover in the event that he is proved to have acted fraudulently or dishonestly.

GOING CONCERN

The company participates in the group treasury arrangements of Marshall of Cambridge (Holdings) Limited (MCH), the company's immediate and ultimate parent undertaking. Under this arrangement, it has access to and shares banking arrangements and facilities with MCH and fellow group undertakings.

For the year ended 31 December 2020 the company generated a post-tax profit of £1,830,046 and at 31 December 2020 had net current assets of £9,323,705 and net assets of £11,192,249

In relation to that support the MCH directors have assessed the potential impact of the COVID-19 pandemic and other risks as part of their going concern assessment of the MCH Group. In doing so, the MCH directors have modelled downside scenarios and stress tests for the MCH Core Group, being the MCH Group excluding the Marshall Motor Holdings plc Group. These models take account of the MCH Core Group's mitigating actions and support from the government.

Having assessed these scenarios, the MCH directors have a reasonable expectation that the MCH Core Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the company's financial statements and provide support necessary for the company.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Marshall of Cambridge (Holdings) Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing their report and financial statements.

Marshall Land Systems Limited

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2020

RESEARCH AND DEVELOPMENT

The company continues to be committed to research and development in support of its strategy and objectives and undertakes work in these areas whenever it is anticipated that a competitive advantage is to be achieved in terms of its chosen markets.

EMPLOYEE PARTICIPATION

The company recognises the importance of good communications and relations with its employees and the requirements of the Information and Consultation of Employees Regulations 2004. It is company policy to keep employees as fully informed as possible on matters which affect them through communication procedures, which include regular briefings, consultative committees and through its regular newsletter. These arrangements are continually being reviewed and updated to ensure the company meets the latest standards.

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

EQUAL OPPORTUNITIES

The company is committed to its Equal Opportunities policy covering recruitment, training and development, performance review and career progression. The company recognises the diversity of its employees and seeks to use their talents and abilities to the full. This approach extends to the fair treatment of employees with disabilities in relation to their recruitment, training and development. Full consideration is given to the retention of employees who become disabled during employment.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

CHARITABLE DONATIONS

The company made no charitable donations during the year (2019: £nil).

DISCLOSURE OF INFORMATION TO THE 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

In accordance with Section 388(1) of the Companies Act 2006, BDO LLP were appointed as auditor to fill a casual vacancy.

Signed by order of the board of directors

DocuSigned by:

Sarah Moynihan

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S.J. Moynihan

Company Secretary

Marshall Land Systems Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARSHALL LAND SYSTEMS LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Marshall Land Systems Limited for the year ended 31 December 2020 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 24, 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).

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and financial statements 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
MARSHALL LAND SYSTEMS LIMITED *(continued)***

Other Companies Act 2006 reporting *(continued)*

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 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Marshall Land Systems Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006), labour regulations and tax in the United Kingdom.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
MARSHALL LAND SYSTEMS LIMITED (continued)**

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and review of material legal costs in the period.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and key areas of estimation uncertainty or judgement, for example; costs to complete and stage of completion on key material contracts.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

DocuSigned by:



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Mark Cardiff (Senior statutory auditor)

for and on behalf of BDO LLP, Statutory Auditor

London, UK

22nd July 2021

Marshall Land Systems Limited

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
TURNOVER	2	41,422,039	26,885,961
Cost of sales		(33,358,802)	(19,166,925)
GROSS PROFIT		<u>8,063,237</u>	<u>7,719,036</u>
Administrative expenses		(5,757,665)	(5,040,618)
Other operating income	5	83,232	80,756
OPERATING PROFIT BEFORE SEPERATELY DISCLOSED ITEMS		<u>2,388,804</u>	<u>2,759,174</u>
Exceptional items	3	(155,389)	-
OPERATING PROFIT	4	<u>2,233,415</u>	<u>2,759,174</u>
Interest payable and similar charges	8	(1,161)	-
Interest receivable and similar income	9	20,550	40,149
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,252,804</u>	<u>2,799,323</u>
Tax on profit on ordinary activities	10	(422,758)	(544,858)
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,830,046</u></u>	<u><u>2,254,465</u></u>

All of the activities of the company are classed as continuing.

The notes on pages 15 to 28 form part of the Report and Financial Statements.

Marshall Land Systems Limited
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
PROFIT FOR THE FINANCIAL YEAR	1,830,046	2,254,465
Fair value (loss)/gain recognised on cash flow hedges (note 22)	(4,262,556)	2,043,948
Income tax relating to components of other comprehensive income (note 10b)	724,446	(347,471)
TOTAL OTHER COMPREHENSIVE INCOME	<u>(3,538,110)</u>	<u>1,696,477</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	<u>(1,708,064)</u>	<u>3,950,942</u>

The notes on pages 15 to 28 form part of the Report and Financial Statements.

Marshall Land Systems Limited

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Notes	2020 £	2019 (restated) £
FIXED ASSETS			
Tangible assets	11	2,243,084	2,395,256
Investments	12	-	-
		2,243,084	2,395,256
CURRENT ASSETS			
Stocks	13	8,159,989	4,974,486
Debtors	14	17,756,239	17,094,255
Cash at bank		565,228	960,860
		26,481,456	23,029,601
CREDITORS: Amounts falling due within one year	15	(17,157,751)	(11,717,954)
NET CURRENT ASSETS		9,323,705	11,311,647
TOTAL ASSETS LESS CURRENT LIABILITIES		11,566,789	13,706,903
PROVISION FOR LIABILITIES	17, 18	(374,540)	(806,590)
NET ASSETS		11,192,249	12,900,313
CAPITAL AND RESERVES			
Called up share capital	21	12,000,000	12,000,000
Cash flow hedge reserve	22	7,673	3,545,783
Profit and loss account		(815,424)	(2,645,470)
SHAREHOLDER'S FUNDS		11,192,249	12,900,313

The Report and Financial Statements were approved by the directors and authorised for issue on 22nd July 2021 and are signed on their behalf by:

DocuSigned by:

Gary Moynihan

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G.J.S. Moynihan
Director

Company Registration Number: 2661432

The notes on pages 15 to 28 form part of the Report and Financial Statements.

Marshall Land Systems Limited

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Share capital £	Cash flow hedge reserve (see note 20) £	Profit and loss account £	Total share- holder's funds £
Balance brought forward 1 January 2019 (as previously published)	12,000,000	1,849,306	(4,170,501)	9,678,805
Prior period restatement	-	-	(729,434)	(729,434)
Balance brought forward 1 January 2019 (as restated)	12,000,000	1,849,306	(4,899,935)	8,949,371
Profit for the financial year	-	-	2,254,465	2,254,465
Other comprehensive income, net of tax	-	1,696,477	-	1,696,477
Total comprehensive income for the year	-	1,696,477	2,254,465	3,950,942
Balance brought forward 1 January 2020	12,000,000	3,545,783	(2,645,470)	12,900,313
Profit for the financial year	-	-	1,830,046	1,830,046
Other comprehensive income, net of tax	-	(3,538,110)	-	(3,538,110)
Total comprehensive income for the year	-	(3,538,110)	1,830,046	(1,708,04)
Balance carried forward 31 December 2020	12,000,000	7,673	(815,424)	11,192,249

The notes on pages 15 to 28 form part of the Report and Financial Statements.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. Accounting Policies

(a) Statement of Compliance

Marshall Land Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is Airport House, The Airport, Cambridge, CB5 8RY.

The company's financial statements have been prepared in compliance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') as it applies to the financial statements of the company for the year ended 31 December 2020.

(b) Basis of Preparation

The financial statements of the company were authorised for issue on 22 July 2021 by the board of directors. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

(c) Prior Year Adjustments

In preparation of the financial statements for the year ended 31st December 2020, the directors have made certain changes to the prior period, as noted below.

The 2019 brought forward profit and loss account reserve and intercompany debtors have been restated, reducing both by £729,434 to reflect an impairment of intercompany loan for subsidiary dormant company. The impairment should have been recognised in the year ended 31 December 2013, when the associated investment was impaired.

The above change have been applied retrospectively in accordance with FRS102, paragraph 10.21

(d) Going Concern

The company participates in the group treasury arrangements of Marshall of Cambridge (Holdings) Limited (MCH), the company's immediate and ultimate parent undertaking. Under this arrangement, it has access to and shares banking arrangements and facilities with MCH and fellow group undertakings.

For the year ended 31 December 2020 the company generated a post-tax profit of £1,830,046 and at 31 December 2020 had net current assets of £9,323,705 and net assets of £11,192,249

In relation to that support the MCH directors have assessed the potential impact of the COVID-19 pandemic and other risks as part of their going concern assessment of the MCH Group. In doing so, the MCH directors have modelled down-side scenarios and stress tests for the MCH Core Group, being the MCH Group excluding the Marshall Motor Holdings plc Group. These models take account of the MCH Core Group's mitigating actions and support from the government.

Having assessed these scenarios, the MCH directors have a reasonable expectation that the MCH Core Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the company's financial statements and provide support necessary for the company.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Marshall of Cambridge (Holdings) Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing their report and financial statements.

(e) Consolidation

In accordance with section 400 of the Companies Act 2006 consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Marshall of Cambridge (Holdings) Limited, the ultimate parent company of the group, which is registered in England and Wales, for which consolidated financial statements are publicly available. These financial statements therefore present information about the company alone and not about its group.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. Accounting Policies (*continued*)

(f) Exemptions for Qualifying Entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) The requirements of Section 11, paragraphs 11.39 to 11.48A and Section 12, paragraphs 12.26 to 12.29A;
- (d) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- (e) The requirements of Section 33 Related Party Disclosures paragraph 33.7.

(g) Research and Development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset where the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Research and Development Expenditure Credits

Research and development expenditure credits are recognised based on the level of qualifying research and development expenditure incurred by the company. Expenditure credits are either used to reduce the tax charge incurred by the company or, where the company is loss making, group relieved to other companies within the Marshall of Cambridge (Holdings) Limited group.

(h) Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The following are the company's key sources of estimation uncertainty:

Turnover

Turnover on long term contracts is recognised by reference to the stage of completion of contract activity, and therefore is sensitive to the ability to reliably assess this stage of completion. This is normally based on the costs incurred to date as a proportion of total anticipated contract costs, however if this does not accurately reflect the stage of completion then an alternative approach is used instead. In making the assessment of costs to complete the contract, management considers not only specific forecast costs but also the level of risk on the programme. In addition, if the final outcome of a contract cannot be reliably assessed, revenue recognition is limited to the level of costs incurred until such time that the contract has progressed sufficiently to make profit recognition appropriate. Where a contract is forecast to be loss making, full provision is made for such losses in the first year in which they are foreseen.

Warranty provisions

The company offers a warranty on certain products sold to customers. As such, it is necessary to consider the expected future costs that will be incurred in meeting this warranty obligation and the associated warranty provision required. When calculating the warranty provision, management considers the specific warranty terms offered to customers, as well as both historic rates of warranty claims and any specific known issues of which management

is aware. See note 15 for details of the warranty provision.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. **Accounting Policies** *(continued)*

(g) Judgements and Key Sources of Estimation Uncertainty *(continued)*

Research and development expenditure credits

The company recognises research and development expenditure credits receivable based on reasonable estimates, informed by the relevant tax legislation. Management estimated is required to determine the amount of tax credit that can be recognised, based upon the level of qualifying research and development activity undertaken by the company.

(h) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its useful economic life as follows:

Land & buildings	20 years
Plant & machinery	3 - 8 years
Motor vehicles	3 years

Depreciation is provided when the assets are available for use.

The carrying values of tangible fixed assets are reviewed for impairment when events of changes in circumstances indicate the carrying value may not be recoverable.

(i) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company excluding trade discounts and value added tax. Turnover relating to long-term contracts represents the value of work performed during the year determined by reference to the stage of completion of the contract.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The specific methods used to recognise the different forms of revenue earned by the company are set out below.

i) Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

ii) Long-term contracts

Turnover from long-term contracts is recognised by reference to the stage of completion of contract activity at the year end date. This is normally determined by the proportion that contract costs incurred to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. If the nature of a particular contract means that costs incurred do not accurately reflect the progress of contract activity, an alternative approach is used such as the achievement of pre-determined contract milestones.

Revenue in respect of variations to contracts, claims and incentive payments are recognised when it is highly likely that it will be agreed by the customer. Profit attributable to long-term contracts is recognised if the final outcome of such contracts can be reliably assessed. On all contracts, full provision is made for any losses in the year in which they are first foreseen.

iii) Rendering of services

Turnover from the provision of services is recognised as the contract activity progresses to reflect

performance of the underlying contractual obligations.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. Accounting Policies *(continued)*

(j) Investments

Investments are stated at cost less provision for diminution in value.

(k) Stocks And Work In Progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

(l) Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

(m) Foreign Currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(n) Derivative Financial Instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit and loss. Derivatives are carried as assets where the fair value is positive and as liabilities where the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Changes in the value of derivatives are recognised in profit or loss within administrative expenses, except where they have been designated as qualifying cash flow hedges. Gains or losses on derivatives designated as cash flow hedges are initially recognised within other comprehensive income, and subsequently recycled to profit or loss when the derivative is settled.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. Accounting Policies *(continued)*

(o) Pension Costs

Marshall of Cambridge (Holdings) Limited group operates a number of different pension funds, including both defined contribution and defined benefit schemes, for the employees of the group. The assets of all the schemes are held in independently administered trust funds. The employees of the company are only members of the defined contribution schemes, and contributions are recognised in the profit and loss account in the period in which they become payable.

(p) Provisions for Liabilities

A warranty provision is recognised when the company has a legal or constructive obligation to make repairs or replace goods as a result of sales made under warranty and it is probable that an outflow of economic benefits will be required to settle the obligation.

(q) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(r) Deferred Taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability or asset shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period end date.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of valued added tax.

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical destination is given below:

	2020	2019
	£	£
United Kingdom	18,846,669	14,967,027
Europe	19,775,127	8,604,263
North America	1,369,036	2,355,821
Rest of World	1,431,207	958,850
	41,422,039	26,885,961

3. Exceptional items

	2020	2019
	£	£
Restructuring programme	155,389	-
	155,389	-

4. Operating Profit

Operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of owned tangible fixed assets (note 11)	412,795	174,628
Operating lease costs:		
- Land and buildings	851,320	875,308
Foreign exchange losses	142,707	162,864
Corporate management charges	2,530,419	2,013,721
Research and development expenditure	269,518	-
Audit of the financial statements of the company	30,151	53,708
	3,216,912	3,180,229

5. Other Operating Income

	2020	2019
	£	£
Research and development expenditure credits	83,232	80,756

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

6. Staff Costs

The average monthly number of employees (including executive directors) of the company during the financial year was:

	2020	2019
	No.	No.
Production	171	130
Administration and management	77	69
	248	199
	248	199

The aggregate payroll costs of the above were:

	2020	2019
	£	£
Wages and salaries	10,044,199	7,476,170
Social security costs	1,038,195	784,357
Pension costs (note 16)	1,093,029	752,144
	12,175,423	9,012,671
	12,175,423	9,012,671

7. Directors' Remuneration

M.G. Banfield, G. J. S. Moynehan and D.S. Wilkinson are also directors of Marshall of Cambridge Aerospace Limited, a fellow group undertaking; R. D. Cutting is an employee of Marshall of Cambridge Aerospace Limited. The directors do not believe that it is practicable to apportion the total remuneration between their services as directors of the company and their services as directors or employees of fellow subsidiary undertakings. The total remuneration of M.G. Banfield, G.J.S. Moynehan and D.S. Wilkinson is disclosed within the financial statements of Marshall of Cambridge Aerospace Limited. A management charge of £2,530,419 (2019: £2,013,721) has been made by Marshall of Cambridge Aerospace Limited, which includes a proportion of the directors' emoluments.

8. Interest Payable and Similar charges

	2020	2019
	£	£
Interest payable	1,161	-
	1,161	-
	1,161	-

9. Interest Receivable and Similar Income

	2020	2019
	£	£
Interest receivable from ultimate parent undertaking	20,550	40,149
	20,550	40,149
	20,550	40,149

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

10. Tax on Profit on Ordinary Activities

(a) Analysis of charge in the year

	2020	2019
	£	£
Current tax:		
UK Taxation		
UK corporation tax based on the profit for the year at 19.00% (2019: 19.00%)	-	17,341
Adjustment in respect of prior years	(12,795)	24,308
Group relief	454,841	469,240
Double tax relief	(9,093)	(17,341)
	432,953	493,548
Foreign tax		
Current tax on income for the year	(1,461)	20,992
Adjustment in respect of prior years	(6,614)	-
	424,878	514,540
Deferred tax:		
Origination and reversal of timing differences	(27,957)	38,115
Adjustment in respect of prior years	28,783	(7,797)
Effect of tax rate changes on opening liability	(2,946)	-
	(2,120)	30,318
Tax on profit on ordinary activities	422,758	544,858

(b) Tax included in other comprehensive income

	2020	2019
	£	£
Deferred tax		
Total tax (credit) / charge included in other comprehensive income	(724,446)	347,471

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

10. Tax on Profit on Ordinary Activities *(continued)*

(c) Factors affecting current tax credit

The UK standard rate of corporation tax is 19.00% (2019: 19.00%). The actual tax charge for the current and previous year varies from the standard rate for reasons set out in the following reconciliation:

	2020	2019
	£	£
Profit on ordinary activities before taxation	2,252,804	2,799,323
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19.00% (2019: 19%)	428,033	531,871
Expenses not deductible for tax purposes	13,101	12,653
Income not taxable	(14,250)	(15,344)
Impact of higher overseas tax rate / tax on overseas earnings	(2,946)	-
Adjustment in respect of prior years	9,374	16,511
Effect of tax rate changes	-	(4,484)
Higher taxes on overseas earnings	(10,554)	3,651
Total tax charge (note 9(a))	422,758	544,858

(d) Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19%. Finance Act 2020 maintained the UK corporation tax rate at 19% with effect from 1 April 2020, reversing the previously enacted reduction in the rate of UK corporation tax to 17% from 1 April 2020.

During the year beginning 1 January 2020, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £157,132.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

11. Tangible Fixed Assets

	Land & Buildings £	Plant & Machinery £	Motor vehicles £	AICC £	Total £
Cost					
At 1 January 2020	-	7,283,874	86,644	670,311	8,040,829
Additions	26,000	154,958	-	79,665	260,623
Transfers	1,204,492	(454,516)	-	(749,976)	-
At 31 December 2020	<u>1,230,492</u>	<u>6,984,316</u>	<u>86,644</u>	<u>-</u>	<u>8,301,452</u>
Depreciation					
At 1 January 2020	-	5,558,929	86,644	-	5,645,573
Charge for the year	51,647	361,148	-	-	412,795
Transfers	323,336	(323,336)	-	-	-
At 31 December 2020	<u>374,983</u>	<u>5,596,741</u>	<u>86,644</u>	<u>-</u>	<u>6,058,368</u>
Net Book Value					
At 31 December 2020	<u>855,509</u>	<u>1,387,575</u>	<u>-</u>	<u>-</u>	<u>2,243,084</u>
At 31 December 2019	<u>-</u>	<u>1,724,945</u>	<u>-</u>	<u>670,311</u>	<u>2,395,256</u>

Land & Buildings was previously shown under Plant & Machinery in prior year financial statements, it has now, been transferred to a new category and shown separately in note above.

Assets in the course of construction ("AICC") relate to a major programme with an upgrade to production line staging that moved into Plant and Machinery in 2020.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

12. Investments

	Shares in group company £
Cost	
At 1 January 2020 and at 31 December 2020	325,000
	325,000
Amounts provided	
At 1 January 2020 and at 31 December 2020	325,000
	325,000
Net book value	
At 31 December 2020 and at 31 December 2019	-

At 31 December 2020 the company owns 100% of the issued ordinary share capital of the following company:

Company	Country of registration or incorporation	Class of shares held	%
Marshall Specialist Vehicles Limited	England and Wales	Ordinary	100

Marshall Specialist Vehicles Limited is a non-trading company. During the year ended 31 December 2020 the subsidiary made a nil profit (2019: £nil) and held capital and reserves at 31 December 2020 of £nil (2019: £729,434).

13. Stocks

	2020	2019
	£	£
Raw materials	5,922,665	1,610,731
Work in progress	2,237,324	3,359,238
Finished goods	-	4,517
	8,159,989	4,974,486

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

Stocks recognised as an expense in the year were £14,290,741 (2019: £9,785,807).

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

14. Debtors

	2020	2019 (restated)
	£	£
Trade debtors	5,935,483	2,039,371
Amounts owed by group undertakings	5,383,557	7,207,199
Amounts recoverable on long term contracts	4,539,371	3,085,811
Other debtors	704,394	147,849
Prepayments and accrued income	1,068,764	341,927
Deferred tax	54,147	-
Corporation tax receivable	61,051	-
Derivative financial instruments	9,472	4,272,028
	17,756,239	17,094,255

Amounts owed by group undertakings are repayable on demand. No interest is charged on balance.

15. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Payments received on account	3,601,846	2,363,283
Trade creditors	3,639,198	2,408,589
Amounts owed to group undertakings	3,545,468	4,766,986
Other tax and social security costs	828,174	613,115
Overdraft	296,076	-
Other creditors	2,862,396	113,862
Corporation tax payable	-	44,844
Accruals and deferred income	2,384,593	1,407,275
	17,157,751	11,717,954

Amounts owed to group undertakings are repayable on demand. No interest is charged on balance.

16. Pensions

The company participates in two of the pension schemes which are operated by Marshall of Cambridge (Holdings) Limited (the "Group") for the benefit of its employees, one of which has elements of both defined benefit and defined contribution, while the other is entirely defined contribution. The defined contribution scheme is funded by the payment of contributions to trustee administered funds which are kept independently from the assets of the Group.

The contribution scheme, which covers 99% of Group scheme members, was established in 2018. The total pension cost for the year for the company in respect of defined contribution scheme was £1,093,029 (2019: £752,144). The total unpaid pension contributions outstanding at the year end, and included in other creditors, amounted to £109,972 (2019: £475).

The scheme which has elements of both defined benefit and defined contribution is known as the Marshall Group Executive Pension Plan (the "Plan"). The level of defined benefit pension contribution is determined with the advice of independent qualified actuaries. It is not possible to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The company is therefore accounting

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

16. Pensions (continued)

for the contributions to the scheme as if it were a contribution scheme. The total pension cost for the company in respect of this scheme was £nil (2019: £nil). As disclosed in the Group financial statements, there is a deficit on the scheme of £4,807,023 (2019: £2,984,970) as calculated in accordance with FRS 102, Section 28. Further disclosures can also be found in the Group's consolidated financial statements.

17. Provision For Liabilities

	Deferred tax	Warranty provision	Total
	£	£	£
Balance brought forward	672,416	134,174	806,590
Charge in the year	-	248,529	248,529
Amounts utilised in the year	-	(660)	(660)
Amounts reversed in the year	(672,416)	(7,503)	(679,919)
Other comprehensive income charge for the year	-	-	-
	-	374,540	374,540
Balance carried forward	-	374,540	374,540

A provision of £248,528 had been recognised for expected warranty claims on products sold during the last financial year. £7,503 has been reversed during the year against provision brought forward. £660 has been utilised in year and it is expected that the remainder of this expenditure will be incurred in the next financial year.

18. Deferred Tax (Liability) / Asset

The balance of the deferred tax (liability) / asset consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Excess of depreciation over taxation allowances	21,839	50,541
Deferred tax on cash flow hedge reserve	(1,800)	(726,245)
Other short term timing differences	34,108	3,288
	54,147	(672,416)
	54,147	(672,416)

19. Commitments Under Operating Leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020	2019
	Land and buildings	Land and buildings
	£	£
Within 1 year	425,118	775,319
Between 2 to 5 years	-	511,514
	425,118	1,286,833
	425,118	1,286,833

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

20. Related Party Transactions

The company has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with fellow subsidiary undertakings of the Marshall of Cambridge (Holdings) Limited group.

21. Share Capital

Allotted, called up and fully paid:

	2020	2019
	£	£
12,000,000 Ordinary shares of £1 each	12,000,000	12,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

22. Cash Flow Hedge Reserve

This reserve is used to record changes in the fair value of financial instruments designated as cash flow hedges.

23. Guarantees and other financial commitments

The company has given various guarantees to its bankers, which at the year-end amounted to £888,282 (2019: £888,282).

The Company has access to the parent company's £75,000,000 banking facility which is secured by cross guarantees between certain members of the parent company's group. The Company is one of these members. At the 31 December 2020 £24,726,000 was outstanding (2019 - £7,139,000).

24. Ultimate Parent Company and Controlling Party

The immediate parent undertaking is Marshall ADG Limited. The ultimate parent company and controlling party continues to be Marshall of Cambridge (Holdings) Limited.

The parent undertaking of the smallest and the largest group of undertakings for which consolidated financial statements are prepared and of which the company is a member is Marshall of Cambridge (Holdings) Limited, registered in England and Wales, and this is therefore considered to be the ultimate parent undertaking and also the ultimate controlling party. Copies of these consolidated financial statements can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.