

Company Registration No. 02894161 (England and Wales)

MARBANK CONSTRUCTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

MARBANK CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors M J E Woods
G Wensley
R W Charlton
J Murray (Appointed 2 September 2019)

Company number 02894161

Registered office 3 Napier House
Wintersells Road
West Byfleet
Surrey
KT14 7LF

Auditor Haines Watts
Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
United Kingdom
HP13 5HQ

MARBANK CONSTRUCTION LIMITED

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MARBANK CONSTRUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present the strategic report for the year ended 31 July 2020.

Fair review of the business

Marbank is a principal contractor in the UK construction market, operating entirely within the private sector.

Commercial/Industrial market:

- The company specialises in the construction of steel framed and clad portal structures ("sheds") typically used in the industrial, distribution and retail sectors.
- Marbank is very competitive in this sector, and tender activity and order intake remain strong
- Most Marbank carries full design responsibility.
- Most projects currently are located in the south-east of England and along the south coast, though the company has previously undertaken projects throughout mainland England. work is carried out under Design & Build contracts where
- The company's largest contract to date, for a £16 million contract in Daventry, was completed in December 2019.

Key statistics for the year:

- Turnover up by 2.6% to £66.2m (2019: £64.4m)
- Profit before taxation improved to £1,698k (2019: £2,182k)
- Net cash balances £9.2m (2019: £8.9m)
- Average contract value currently c. £5m (2019: £5m)

Overview of the trading results for the year to 31 July 2020:

Trading results were affected by lower margins, with profit before taxation decreasing to £1,698k (2019: £2,182k).

Looking forward:

The directors expect turnover to increase somewhat during the current financial year. However, the possibility of Brexit disruption and the negative impact of COVID 19 on the UK economy in general, planning is more difficult at the moment.

Whilst it is too soon to predict the results for the year with any confidence, the company is trading well, is competitive in its sector, and has a strong balance sheet. The directors are confident that Marbank will achieve a satisfactory result in the year to 31 July 2021.

Compliance/Standards:

Marbank is accredited to ISO 9001 (Quality Assurance), and ISO 14001 (Environmental Management). All assessment and accreditation is by UKAS approved Isoqar, which is part of the Alcumus group.

The company's Health & Safety management policy will be accredited to the new ISO standard as soon as the new standard is available; meanwhile the current management policies are robust and effective.

MARBANK CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Business Environment - Key risks

The key business risks and uncertainties affecting the company are considered to relate to the cyclical nature of the construction industry, competition from national and regional contractors, credit risk and key employee retention.

To protect from these risks, and to secure the long term future of the company, the directors work:

- To seek appropriate tendering opportunities for the company, to tender them competitively and accurately, and then to carry them out safely, professionally and on time;
- To build and maintain strong relations with the company's principal clients, suppliers and subcontractors;
- To ensure that the company's funding and Balance Sheet strength, together with its cost base, operational structure and management systems enable it to retain its position as a competitive and competent player in the construction industry, whilst retaining a flexible cost base capable of coping with cyclical market conditions;
- To develop and implement appropriate credit risk control procedures and insurances;
- To ensure that remuneration structures are competitive, with good working conditions combined with the provision of appropriate training and personal development opportunities.

Key Performance Indicators

In the longer run, the directors consider that the principal key performance indicator relevant to the company is the gross percentage return on contracts, which overall is equivalent to the company's gross margin.

Attention is also focused on maintaining a tight control of working capital and bank balances, and on successful retention of key staff.

On behalf of the board



R W Charlton
Director

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MARBANK CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

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

Principal activities

The principal activity of the company continued to be that of principal contractor in the UK construction market, operating entirely within the private sector.

Directors

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

M J E Woods

S A Brown

(Resigned 9 September 2020)

G Wensley

R W Charlton

J Murray

(Appointed 2 September 2019)

Results and dividends

The results for the year are set out on page 8.

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

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



R W Charlton

Director

Date: 01/12/2020

MARBANK CONSTRUCTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

MARBANK CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARBANK CONSTRUCTION LIMITED

Opinion

We have audited the financial statements of Marbank Construction Limited (the 'company') for the year ended 31 July 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is disclosed on the accounting policies note 1.2.

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.

MARBANK CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MARBANK CONSTRUCTION LIMITED

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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.

MARBANK CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MARBANK CONSTRUCTION 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.

Gary A Heywood (Senior Statutory Auditor)
for and on behalf of Haines Watts

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Chartered Accountants
Statutory Auditor

Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
United Kingdom
HP13 5HQ

MARBANK CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Turnover		66,222	64,422
Cost of sales		(61,087)	(58,262)
Gross profit		<u>5,135</u>	<u>6,160</u>
Administrative expenses		(3,465)	(3,999)
Operating profit	3	<u>1,670</u>	<u>2,161</u>
Interest receivable and similar income	6	28	21
Profit before taxation		<u>1,698</u>	<u>2,182</u>
Taxation	7	(124)	(483)
Profit for the financial year		<u><u>1,574</u></u>	<u><u>1,699</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the Profit and Loss account.

MARBANK CONSTRUCTION LIMITED

BALANCE SHEET

AS AT 31 JULY 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		93		142
Current assets					
Debtors falling due after more than one year	11	5,401		3,962	
Debtors falling due within one year	11	14,597		15,688	
Cash at bank and in hand		9,218		8,883	
		29,216		28,533	
Creditors: amounts falling due within one year	12	(20,919)		(20,859)	
Net current assets			8,297		7,674
Total assets less current liabilities			8,390		7,816
Provisions for liabilities	13		(7)		(7)
Net assets			8,383		7,809
Capital and reserves					
Called up share capital	16		250		250
Profit and loss reserves			8,133		7,559
Total equity			8,383		7,809

The financial statements were approved by the board of directors and authorised for issue on 01/12/2020 and are signed on its behalf by:



R W Charlton
Director

Company Registration No. 02894161

MARBANK CONSTRUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
Balance at 1 August 2018		250	6,230	6,480
Year ended 31 July 2019:				
Profit and total comprehensive income for the year		-	1,699	1,699
Dividends	8	-	(370)	(370)
Balance at 31 July 2019		250	7,559	7,809
Year ended 31 July 2020:				
Profit and total comprehensive income for the year		-	1,574	1,574
Dividends	8	-	(1,000)	(1,000)
Balance at 31 July 2020		250	8,133	8,383

MARBANK CONSTRUCTION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	19		1,755		2,681
Income taxes paid			(448)		(275)
			<u>1,307</u>		<u>2,406</u>
Investing activities					
Purchase of tangible fixed assets		-		(39)	
Proceeds on disposal of tangible fixed assets		-		12	
Interest received		28		21	
		<u>28</u>		<u>21</u>	
Net cash generated from/(used in) investing activities			28		(6)
Financing activities					
Dividends paid		(1,000)		(370)	
		<u>(1,000)</u>		<u>(370)</u>	
Net cash used in financing activities			(1,000)		(370)
Net increase in cash and cash equivalents			335		2,030
Cash and cash equivalents at beginning of year			8,883		6,853
			<u>9,218</u>		<u>8,883</u>
Cash and cash equivalents at end of year			<u><u>9,218</u></u>		<u><u>8,883</u></u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

Marbank Construction Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Napier House, Wintersells Road, West Byfleet, Surrey, KT14 7LF.

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 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. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Turnover

Turnover represents amounts receivable for services provided under contracts, net of VAT.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the Profit and Loss account turnover and related costs as contract activity progresses.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

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 over their useful lives on the following bases:

Leasehold land and buildings	10% on cost
Fixtures, fittings & equipment	10-20% on cost
Computer equipment	50% on cost
Motor vehicles	33-50% on cost

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 credited or charged to profit or loss.

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

1.6 Cash at bank and in hand

Cash and cash equivalents 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.

1.7 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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 company 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 company 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 through 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.

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.8 Equity instruments

Equity instruments issued by the company 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 company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 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 company'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.

1.10 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.

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

3 Operating profit

	2020	2019
	£'000	£'000
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	22	22
Depreciation of owned tangible fixed assets	49	39
Loss on disposal of tangible fixed assets	-	1
Operating lease charges	124	103
	<u>175</u>	<u>165</u>

4 Directors' remuneration

	2020	2019
	£'000	£'000
Remuneration for qualifying services	665	920
Company pension contributions to defined contribution schemes	65	128
	<u>730</u>	<u>1,048</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£'000	£'000
Remuneration for qualifying services	200	323
Company pension contributions to defined contribution schemes	10	40
	<u>210</u>	<u>363</u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

5 Employees

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

	2020	2019
	Number	Number
Directors	5	4
Administrative	18	24
Direct staff	3	3
	<u>26</u>	<u>31</u>

Their aggregate remuneration comprised:

	2020	2019
	£'000	£'000
Wages and salaries	4,074	4,313
Social security costs	256	312
Pension costs	293	369
	<u>4,623</u>	<u>4,994</u>

6 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest income		
Interest on bank deposits	28	21
	<u>28</u>	<u>21</u>

7 Taxation

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	124	448
Adjustments in respect of prior periods	-	35
	<u>124</u>	<u>483</u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

7 Taxation

(Continued)

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:

	2020 £'000	2019 £'000
Profit before taxation	1,698	2,182
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	323	415
Tax effect of expenses that are not deductible in determining taxable profit	12	33
Adjustments in respect of prior years	-	35
Permanent capital allowances in excess of depreciation	6	-
EMI relief	(217)	-
Taxation charge for the year	124	483

8 Dividends

2020
£'000

2019
£'000

Interim paid	1,000	370
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9 Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 August 2019 and 31 July 2020	133	13	15	126	287
Depreciation and impairment					
At 1 August 2019	55	11	15	64	145
Depreciation charged in the year	13	2	-	34	49
At 31 July 2020	68	13	15	98	194
Carrying amount					
At 31 July 2020	65	-	-	28	93
At 31 July 2019	78	2	-	62	142

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

10	Financial instruments		2020	2019
			£'000	£'000
	Carrying amount of financial assets			
	Debt instruments measured at amortised cost		19,979	19,553
			<u> </u>	<u> </u>
	Carrying amount of financial liabilities			
	Measured at amortised cost		20,103	19,444
			<u> </u>	<u> </u>
11	Debtors		2020	2019
			£'000	£'000
	Amounts falling due within one year:			
	Trade debtors		14,528	14,822
	Other debtors		50	769
	Prepayments and accrued income		19	97
			<u> </u>	<u> </u>
			14,597	15,688
			<u> </u>	<u> </u>
			2020	2019
	Amounts falling due after more than one year:		£'000	£'000
	Amounts owed by group undertakings		5,401	3,962
			<u> </u>	<u> </u>
	Total debtors		19,998	19,650
			<u> </u>	<u> </u>
12	Creditors: amounts falling due within one year		2020	2019
			£'000	£'000
	Trade creditors		6,439	7,497
	Amounts owed to group undertakings		1,000	-
	Corporation tax		124	448
	Other taxation and social security		692	967
	Accruals and deferred income		12,664	11,947
			<u> </u>	<u> </u>
			20,919	20,859
			<u> </u>	<u> </u>
13	Provisions for liabilities		2020	2019
		Notes	£'000	£'000
	Deferred tax liabilities	15	<u> 7</u>	<u> 7</u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

14 Retirement benefit schemes

	2020	2019
	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	293	369

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019
	£'000	£'000
Balances:		
Accelerated capital allowances	7	7

There were no deferred tax movements in the year.

16 Share capital

	2020	2019
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
250,000 Ordinary shares of £1 each	250	250
	250	250

17 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£'000	£'000
Within one year	103	101
Between two and five years	373	384
In over five years	-	91
	476	576

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

18 Ultimate controlling party

The immediate parent company is Mainstreet Holdings Limited.

The ultimate parent company is Boxtrent Limited and the ultimate controlling party is M J E Woods.

Copies of the financial statements of Boxtrent Limited are available from the registered office at 2 Wintersells Road, Byfleet, West Byfleet Surrey, KT14 7LF.

19 Cash generated from operations

	2020	2019
	£'000	£'000
Profit for the year after tax	1,574	1,699
Adjustments for:		
Taxation charged	124	483
Investment income	(28)	(21)
Loss on disposal of tangible fixed assets	-	1
Depreciation and impairment of tangible fixed assets	49	39
Movements in working capital:		
Increase in debtors	(348)	(6,547)
Increase in creditors	384	7,027
Cash generated from operations	<u>1,755</u>	<u>2,681</u>

MARBANK CONSTRUCTION LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

		2020		2019
	£'000	£'000	£'000	£'000
Turnover				
Sales		66,222		64,422
Cost of sales				
Purchases	58,390		55,934	
Wages and salaries	2,171		1,825	
Hire of equipment	526		503	
		<u>(61,087)</u>		<u>(58,262)</u>
Gross profit		5,135		6,160
Administrative expenses		<u>(3,465)</u>		<u>(3,999)</u>
Operating profit		1,670		2,161
Investment revenues				
Bank interest received	28		21	
		<u>28</u>		<u>21</u>
Profit before taxation		<u>1,698</u>		<u>2,182</u>

MARBANK CONSTRUCTION LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 JULY 2020

	2020	2019
	£'000	£'000
Administrative expenses		
Wages and salaries	1,157	1,477
Social security costs	256	312
Recruitment	81	104
Staff training	34	54
Staff pension costs defined contribution	228	241
Directors' remuneration	665	907
Directors' pension costs - defined contribution scheme	65	128
Rent	99	81
Rates	35	54
Power, light and heat	13	10
Property repairs and maintenance	61	60
Insurance	601	365
Computer running costs	7	5
Leasing - motor vehicles	25	22
Motor running expenses	17	7
Travelling expenses	16	27
Legal and professional fees	271	190
Audit fees	25	22
Charitable donations	3	1
Bank charges	6	5
Insurance recharges	(449)	(414)
Printing and stationery	64	63
Advertising	1	1
Telecommunications	37	46
Entertaining	78	183
Sundry expenses	20	8
Depreciation	49	39
Profit or loss on sale of tangible assets	-	1
	<hr/>	<hr/>
	3,465	3,999
	<hr/> <hr/>	<hr/> <hr/>
