COMPANY REGISTRATION NUMBER 02051458

MARSHALL GROUP PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2015

MARSHALL GROUP PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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MARSHALL GROUP PROPERTIES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Sir Michael Marshall C.B.E. D.L. R. H. Howe F. Laud R. D. Marshall S. J. Moynihan
Company Secretary	S. J. Moynihan
Registered Office	Airport House The Airport Cambridge CB5 8RY
Auditor	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ
Bankers	Barclays Bank plc 9/11 St Andrews Street Cambridge CB2 3AA
Property Advisers	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD

MARSHALL GROUP PROPERTIES LIMITED

THE STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2015

The directors of Marshall Group Properties Limited ("the company") present their Report and Financial Statements containing a Strategic Report, Directors' Report and the financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the company are the holding and rental of property to third parties and to the Marshall of Cambridge (Holdings) Limited group along with the property development of the company's land.

The company aims to be a long-term wealth creator for the Marshall of Cambridge (Holdings) Limited group, whilst maintaining its close relationships with the rest of the group's activities.

STRATEGY AND OBJECTIVES

The core property strategy is to create long-term value for the shareholders within the overall Marshall of Cambridge (Holdings) Limited group strategic framework through:

- Protecting and leveraging our land and property assets to maximise total return
- Managing and investing in the existing property portfolio
- Ensuring the successful development of Wing and land North of Cherry Hinton
- Strategically acquiring and consolidating land and property which would complement the existing portfolio
- Supporting our fellow subsidiaries in the achievement of their strategies
- Acting as a fair and equitable property company for both internal and external tenants

BUSINESS MODEL

The company holds and rents out both investment properties and properties used in, or important to, the business of other Marshall of Cambridge (Holdings) Limited group companies, situated within Cambridge.

The company also carries out farming and related agricultural activities on its land; makes strategic acquisitions of both property and land where the opportunity arises; and has an increasingly proactive property development role.

The company is currently progressing two major development projects:

- The Wing development - a proposed development of up to 1,300 homes, replacement car showrooms, a commercial hub, primary school and open space for the community to enjoy. A key driver for this project has been to create an impetus for investment in modern facilities for the Marshall of Cambridge (Holdings) Limited's business activities; and
- Land North of Cherry Hinton – in partnership with the adjoining landowner, work is commencing to prepare a planning application for the development of around 1,200 homes, a primary school, secondary school, local centre and spine road which will provide a relief road for Cherry Hinton. The development will deliver around 700 homes on land owned by the company.

REVIEW OF THE BUSINESS

Much of the company's focus in 2015 has been on negotiating with the Local Authorities in respect of the viability of the Wing development, which was submitted in December 2013. The key areas of negotiation related to the required investment in community infrastructure (e.g. schools, transport, health) and affordable housing, whilst ensuring the development delivers an acceptable financial return to the company and to any prospective developer. On 20 April 2016, the Local Authorities approved a resolution to grant planning permission and it is hoped that the formal planning permission will be received in the summer of 2016.

A key enabling project of Wing is the relocation of aircraft ground running activity from the current site. A preferred location has been identified for the construction of a purpose built Aircraft Ground Run Enclosure adjacent to Hangar 17 apron/Delta taxiway. The new facility will enable the relocation of ground running activities from the existing location adjacent to Newmarket Road and will reduce noise levels for the majority of the Cambridge Airport's neighbours. The company and Marshall of Cambridge Aerospace Limited, a fellow group undertaking, are working closely together to select the most appropriate delivery partner, and a planning application is to be submitted during 2016, with construction planned to commence during 2017.

REVIEW OF THE BUSINESS *(continued)*

The Land North of Cherry Hinton proposal has superseded the Mallets Park proposal to enable the delivery of a much larger development, in conjunction with the adjoining land owner and their appointed promoter. The joint Local Authorities have proposed an allocation for 1,200 homes, with associated primary and secondary schools and other community facilities. Work is commencing on the preparation of an outline planning application for submission in 2017. The development will deliver around 700 homes on land owned by the company. The development will also safeguard for the potential of around a further 600 additional homes on company owned land which may be brought forward as a further planning application in due course, most likely following the planned review of the local plans in 2018/19.

The managed property portfolio remained relatively stable throughout the year with some internal tenants relocating and consolidating to mirror the requirements of their operations. The IPO of Marshall Motor Holdings plc, a fellow group undertaking, on 2 April 2015 also provided the catalyst to formalise tenancy arrangements between the company and Marshall Motor Holdings plc for the sites they occupy in Cambridge.

The company has also been supportive of the planning application to site a new ice rink within the boundary of Greenhouse Farm. This facility is seen as complementary to the Wing development, and should the Wing development achieve a formal planning permission in the summer of 2016, the provision of these important leisure facilities will commence on the eastern side of Cambridge.

FUTURE DEVELOPMENTS

The overarching delivery of the Wing and Land North of Cherry Hinton developments form the key development projects along with the successful relocation of existing aircraft ground running activities and the Marshall of Cambridge (Holdings) Limited businesses on the North Works.

In line with the above, the company has also established the following key medium and long-term objectives:

Medium term (within 5 years)

- Achieve outline planning permission for the Wing development;
- Achieve planning permission and construct a purpose built aircraft ground run enclosure adjacent to Hangar 17 apron;
- Secure a development partner for the Wing development, to maximise returns and shareholder value, and commence construction;
- Locate and invest in suitable relocation premises for Marshall of Cambridge (Holdings) Limited group operating companies displaced by the Wing development;
- Progress an outline planning application for the Land North of Cherry Hinton;
- Secure planning permission for development of Land North of Cherry Hinton and subsequently secure a development partner for the development, to maximise returns and shareholder value; and
- Maximise site occupancy, whilst retaining flexibility, by achieving an optimal balance of external and internal tenants.

Long-term (beyond 5 years)

- Create a balance between sustainable long term income and asset value from the property portfolio;
- Protect the long term value of the Marshall of Cambridge (Holdings) Limited's Cambridge site;
- Deliver new residential communities of which the company, stakeholders and local communities can be justifiably proud; and
- Actively seek new opportunities to strengthen and consolidate the portfolio and to provide expertise and support to other fellow group companies.

KEY PERFORMANCE INDICATORS

The following KPIs are used to monitor the business:

	2016 Target	2015 Actual	2014 Actual
Ratio of external to internal income	0.15	0.11	0.11
Maintenance costs per sq ft property	£0.30	£0.28	£0.20
Occupancy	95.0%	95.2%	99.9%
Rental Yield	10.0%	10.3%	10.1%

An analysis of movement in KPIs is included below:

- Whilst both internal and external income has increased in the year the ratio has remained static.
- Maintenance costs per sq ft of the company's Cambridge real estate have increased in the year and, whilst there is a programme of proactive maintenance, the age of the buildings can sometimes lead to costly reactive maintenance which was partly the reason for the increased cost in 2015.
- Furthermore 2015 has been the first year of the formalised service charge arrangements, for both internal and external tenants, therefore resulting in greater clarity in the costs. The target in the medium term is to balance maintenance costs around £0.30 sq ft.
- Overall occupancy has decreased in the year as a direct result of the company gearing up for the Wing planning permission and the conscious decision to maintain flexibility and capacity across the estate to facilitate the relocation of elements of the business to accommodate enabling projects.
- The rental yield has remained relatively static when compared with the prior year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the company are:

- Obtaining planning permission and successfully delivering the Wing and Land North of Cherry Hinton developments, and ensuring any permission is viable and will deliver appropriate land owner returns from the development, taking into account the costs of development and any developer profit.
- Obtaining planning permission and delivery of the purpose built aircraft ground run enclosure to reduce aircraft noise and effects on development sites, which is a critical enabling project for Wing.
- Voids and unoccupied buildings within the core property portfolio.

The company maintains effective and open dialogue with all of its tenants, both internal and external third parties, working with them to improve tenant satisfaction and ensuring premises continue to comply all with statutory requirements, particularly with regard to health, safety and environmental management.

This report was approved by the board of directors on 20 May 2016, and signed on its behalf.

S. J. Moynihan
Company Secretary

MARSHALL GROUP PROPERTIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2015

The directors present their Report and Financial Statements of the company for the year ended 31 December 2015.

RESULTS AND DIVIDENDS
The company made a profit of £3,924,939 (2014 - £2,959,576) in the year. During the year the company paid an interim dividend of £3,500,000 (2014 - £1,250,000). The directors do not recommend the payment of a final dividend for the year (2014 - £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:

Sir Michael Marshall C.B.E. D.L.	
W. C. M. Dastur	(resigned 30 April 2016)
E. L. Fletcher	(resigned 16 April 2015)
R. H. Howe	(appointed 1 December 2015)
F. Laud	(appointed 30 April 2016)
R. D. Marshall	
S. J. Moynihan	

In accordance with the Articles of Association, R. D. Marshall and S. J. Moynihan retire by rotation and, being eligible, offers themselves for re-election. R. H. Howe retires on first appointment and being eligible, offers himself for re-election.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
The ultimate parent company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

GOING CONCERN
The company's business activities and its future developments are set out in the Strategic Report on pages 2 to 4.

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

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's immediate and ultimate parent company to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Marshall of Cambridge (Holdings) Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

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.

FIXED ASSETS
Details of changes in tangible fixed assets are set out in note 9 to the financial statements. In the directors' opinion, the market value of the company's land and buildings substantially exceeds the book value, but no professional valuation has been undertaken due to undue cost and effort as a comparison of the market and book values would not be relevant since the assets will continue to be wholly necessary, and utilised solely, for the purposes of the present activities of the Marshall of Cambridge (Holdings) Limited group. Excluded from this, are a number of properties held for investment potential with rental income negotiated at arms length, which are classified as investment properties. These properties were informally revalued to fair value by the directors as at 31 December 2015 at £7,724,970 (2014 - £5,595,000). The original cost of the investment properties is £3,599,174 (2014 - £867,128). Also included in tangible fixed assets are cumulative costs of £2,390,000 (2014 - £1,694,000) which relate to costs incurred on planning applications.

CHARITABLE CONTRIBUTIONS
The company made charitable donations of £8,838 (2014 – £1,810) during the year.

DISCLOSURE OF INFORMATION 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, 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 the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR
In accordance with Section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as the auditor of the company.

This report was approved by the board of directors on 20 May 2016, and sign on its behalf.

S. J. Moynihan
Company Secretary

MARSHALL GROUP PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Strategic Report, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- 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 MEMBERS OF MARSHALL GROUP PROPERTIES LIMITED

We have audited the financial statements of Marshall Group Properties Limited for the year ended 31 December 2015 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

Ernst & Young LLP

Bob Forsyth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
20 June 2016

One Cambridge Business Park
Cambridge
CB4 0WZ

MARSHALL GROUP PROPERTIES LIMITED

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 (as restated - see note 1) £
TURNOVER	2	7,453,588	6,993,741
Cost of sales		(673,495)	(408,126)
GROSS PROFIT		6,780,093	6,585,615
Administrative expenses		(2,998,465)	(3,411,261)
OPERATING PROFIT	3	3,781,628	3,174,354
Profit on disposal of tangible fixed assets	4	874,033	38,843
Gain on revaluation of investment properties	9	329,020	646,192
Interest receivable and similar income	5	45,243	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,029,924	3,859,389
Tax on profit on ordinary activities	7	(1,104,985)	(899,813)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,924,939	2,959,576

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

The company has no recognised gains or losses other than the profit for the current and preceding years, as set out above. Therefore, no statement of total comprehensive income is presented.

The notes on page 12 to 21 form part of the Report and Financial Statements.

MARSHALL GROUP PROPERTIES LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	9	36,432,915	35,613,334
Investments	10	100	100
		36,433,015	35,613,434
CURRENT ASSETS			
Stocks	11	194,557	219,796
Debtors	12	7,264,735	5,331,354
Cash at bank		52,612	91,809
		7,511,904	5,642,959
CREDITORS: Amounts falling due within one year	13	(2,833,327)	(486,792)
NET CURRENT ASSETS		4,678,577	5,156,167
TOTAL ASSETS LESS CURRENT LIABILITIES		41,111,592	40,769,601
PROVISION FOR LIABILITIES	14	(2,009,748)	(2,092,696)
NET ASSETS		39,101,844	38,676,905
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Non-distributable reserve	17	4,409,612	4,080,592
Profit and loss account		34,682,232	34,586,313
SHAREHOLDERS' FUNDS		39,101,844	38,676,905

The Report and Financial Statements were approved by the directors and authorised for issue on 20 May 2016, and are signed on their behalf by:

S. J. Moynihan
Director

R. H. Howe
Director

Company Registration Number: 02051458

The notes on page 12 to 21 form part of the Report and Financial Statements.

MARSHALL GROUP PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Share Capital £	Non-distributable reserve £	Profit and Loss reserve £	Total Equity £
At 1 January 2014	10,000	3,434,400	33,522,929	36,967,329
Profit for the financial year and Total Comprehensive Income	-	646,192	2,313,384	2,959,576
Equity dividend paid (see note 8)	-	-	(1,250,000)	(1,250,000)
At 31 December 2014	10,000	4,080,592	34,586,313	38,676,905
Profit for the financial year and Total Comprehensive Income	-	329,020	3,595,919	3,924,939
Equity dividend paid (see note 8)	-	-	(3,500,000)	(3,500,000)
At 31 December 2015	10,000	4,409,612	34,682,232	39,101,844

The notes on pages 12 to 21 form part of the Report and Financial Statements.

MARSHALL GROUP PROPERTIES LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

Statement of compliance
Marshall Group Properties Limited is a limited liability company, 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 2015.

Basis of preparation and change in accounting policy
The financial statements of the company were authorised for issue on 20 May 2016 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.

The company transitioned from previously extant UK GAAP to FRS102 as at 1 January 2014. An explanation of how the transition to FRS 102 has affected the reported financial performance is given in note 19.

During the year the directors re-assessed the presentation of costs in the income statement that relate to property rental activities. On balance, the directors believe that such costs give a better representation of gross profit from rental activities if shown in 'Cost of sales' rather than as previously stated in 'Administrative expenses'. As a result in prior year there has been an increase in Cost of sales of £408,126 and a corresponding reduction in Administrative expenses. In the current year, £673,495 of costs have been treated in the same way. There has been no impact from this change in presentation on either profit or on opening retained earnings for the year ended 31 December 2014.

Going concern
The company's business activities and its future developments are set out in the Strategic Report on pages 2 to 4.

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

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's immediate and ultimate parent company to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Marshall of Cambridge (Holdings) Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

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.

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.

1. ACCOUNTING POLICIES *(continued)*

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 and 26.23; and
(e) The requirements of Section 33, Related Party Disclosures paragraph 33.7.

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 revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement and estimates have the most significant effect on amounts recognised in the financial statements:

Investment properties

Investment properties are valued at fair value, with changes in fair value being recognised in the income statement. Management engaged independent valuation specialists to assist the directors in determining their fair value at 31 December 2015. The valuer determines fair value by considering comparable local market data such as rental yields, location, condition and nature of the property.

Undue cost and effort

In the directors' opinion, the market value of the company's land and buildings substantially exceeds its book value, but no professional valuation has been undertaken due to the undue cost and effort involved as permitted by FRS 102, due to the specialist nature and use of the assets along with the relevance given that the assets will continue to be wholly necessary, and utilised solely, for the purposes of the present activities of the Marshall of Cambridge (Holdings) Limited group.

Recoverability of development costs

The directors have made a judgement that the development costs the company is incurring will be recoverable on the basis that they expect full planning permission will be obtained in the foreseeable future.

Turnover

The turnover shown in the profit and loss account represents amounts invoiceable in relation to rental activities during the year. Turnover is recognised evenly over the period of the related lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1. ACCOUNTING POLICIES *(continued)*

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:

Freehold buildings	Residential properties	50 years
	Garage properties	25 years
	Hangars and workshops	20 years
	Offices	15 - 40 years
	Temporary shelters	5 years
Plant and equipment		3 - 8 years
Plant related to buildings		10 - 20 years

Costs wholly attributable to future property developments are capitalised to the extent they are considered recoverable against future economic benefits. Depreciation is provided when the asset are available for use.

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

Investment properties
Certain of the company's properties are held for long term investment. Investment properties are accounted for as follows:

(i) Investment properties are initially recorded as cost which includes purchase cost and any directly attributable expenditure, and

(ii) Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the income statement, accumulated in the non-distributable reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recorded in the income statement for the year. The company engages independent valuers to assist the directors in determining fair value.

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

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.

Deferred taxation
Deferred taxation 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:

- 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 balance sheet date.

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 value added tax.

All turnover is earned within the United Kingdom and is attributable to the holding and rental of property along with farming and related agricultural activities. Turnover is shown net of Value Added Tax and trade discounts.

Turnover analysed by activity is as follows:

	2015	2014
	£	**£**
Holding and rental of property	7,293,650	6,811,434
Farming and related agricultural activities	159,938	182,307
	7,453,588	6,993,741

3. OPERATING PROFIT

Operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of owned tangible fixed assets	1,558,158	1,726,927
Auditor's remuneration for audit of the financial statements of the company	14,250	8,000

4. PROFIT ON DISPOSAL OF TANGIBLE FIXED ASSETS

	2015	2014
	£	£
Profit on disposal of tangible fixed assets	874,033	38,843

The tax charge relating to profit of disposal of tangible fixed assets amounts to £129,007 (2014 - £42,567).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Interest receivable from ultimate parent undertaking	45,243	-

6. STAFF COSTS

All of the directors of the company are also directors of either the ultimate parent company or other group undertakings. A management charge of £1,042,974 (2014 - £1,364,460) in respect of administration costs has been made by Marshall of Cambridge (Holdings) Limited, the ultimate parent company, which includes the directors' emoluments, which are not possible to identify separately. There were no other employees during the year (2014 - nil).

MARSHALL GROUP PROPERTIES LIMITED

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK corporation tax based on the profit for the year at 20.25% (2014 – 21.50%)	1,177,403	981,924
Adjustments in respect of prior years	10,530	14,701
Total current tax	1,187,933	996,625
Deferred tax:		
Origination and reversal of timing differences	52,299	(49,954)
Effect of changes on tax rate on opening liability	(135,272)	-
Adjustment in respect of prior years	25	(46,858)
Total deferred tax	(82,948)	(96,812)
Tax on profit on ordinary activities	1,104,985	899,813

(b) Factors affecting tax charge
The tax assessed on the profit on ordinary activities for the year is higher (2014 – higher) than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%).

	2015	2014
	£	£
Profit on ordinary activities before taxation	5,029,924	3,859,389
Profit on ordinary activities multiplied by the standard rate of corporation tax	1,018,560	829,769
Expenses not deductible for tax purposes	238,578	259,314
Effect of rate change on opening balance sheet	(135,272)	-
Effect of difference between corporation tax and deferred tax rate	(15,115)	417
Deferred taxation arising on rolled over gains	(12,321)	(44,398)
Adjustments in respect of prior years	10,555	(32,157)
Non taxable income	-	(113,131)
Total tax on profit on ordinary activities (note 7(a))	1,104,985	899,813

(c) Factors that may affect future tax charges
Finance Act (No. 2) 2015 enacted reductions in the UK corporation tax to 19% from 1 April 2017 and 18% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2015. In the March 2016 Budget, the Government announced a further reduction in the UK Corporation tax rate to 17% with effect from 1 April 2020, however this change has not been substantively enacted.

During the year ending 31 December 2016, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £85,042. This is due to the reversal of deferred tax on fixed asset timing differences.

8. DIVIDENDS

Equity dividends

	2015	2014
Declared and paid during the year	**£**	£
Interim dividend paid on ordinary shares of £1 each	3,500,000	1,250,000

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings	**Investment properties**	**Plant and machinery**	**Total**
	£	**£**	**£**	**£**
COST OR VALUATION				
At 1 January 2015	50,725,717	5,595,000	10,252,147	66,572,864
Additions	1,607,345	-	507,462	2,114,807
Disposals	(140,270)	-	(21,810)	(162,080)
Transfers	(2,695,151)	2,732,046	(36,895)	-
Revaluation	-	(602,076)	-	(602,076)
At 31 December 2015	49,497,641	7,724,970	10,700,904	67,923,515
DEPRECIATION				
At 1 January 2015	21,724,297	-	9,235,233	30,959,530
Charge for the year	1,193,179	-	365,339	1,558,518
Disposals	(75,193)	-	(21,159)	(96,352)
Transfers	(898,842)	931,096	(32,254)	-
Revaluation	-	(931,096)	-	(602,076)
At 31 December 2015	21,943,441	-	9,547,159	31,490,600
NET BOOK VALUE				
At 31 December 2015	27,554,200	7,724,970	1,153,745	36,432,915
At 31 December 2014	29,001,420	5,595,000	1,016,914	35,613,334

Investment properties included are stated at fair value with changes in fair value being recognised in the income statement. No depreciation is provided in respect of such properties in accordance with FRS 102 Chapter 16 Investment Property. Residential investment properties have been included at a directors' valuation of £925,000 (2014 - £790,000), having taken professional advice. Fair value is determined by considering comparable market data such as rental yields, location, condition and nature of the property. The remaining freehold investment properties have been included at a directors' valuation of £6,799,970 (2014 - £4,805,000). These properties were formally valued on an open market basis by Bidwells, Chartered Surveyors on 31 December, 2014. A revaluation surplus of £329,020 (2014 – £646,192) has been taken to non-distributable reserves. The historical cost of the investment properties is £3,599,174 (2014 - £867,128).

Included within freehold land and buildings are properties which are rented to fellow group undertakings. FRS 102 Chapter 16 requires these properties to be accounted for as Investment Properties at fair value unless obtaining the fair value would result in undue cost and effort. In the directors' opinion, the market value of these properties substantially exceeds their book value, but no professional valuation has been undertaken due to the undue cost and effort involved as permitted by FRS 102, due to the specialist nature and use of the assets along with the relevance given that the assets will continue to be wholly necessary, and utilised solely, for the purposes of the present activities of the Marshall of Cambridge (Holdings) Limited group.

Also included in freehold land and buildings are cumulative costs of £2,390,000 (2014 - £1,694,000) which relate to costs incurred on planning applications submitted and to be submitted.

10. INVESTMENTS

	Investment in subsidiary £
COST AND NET BOOK VALUE	
At 31 January 2015 and 31 December 2015	100

The company's investment in its subsidiary undertaking at 31 December 2015 was as follows:

	Proportion Held	Ordinary shares of £1 each	Principal activity
Marshall of Cambridge (Airport Properties) Limited	100%	100	Dormant

11. STOCK

	2015 £	2014 £
Raw materials	194,557	219,796

The difference between purchase price and production cost of stocks and their replacement cost is not considered material by the directors.

Stocks recognised as an expense in the year were £91,393 (2014 - £77,122).

12. DEBTORS

	2015 £	2014 £
Trade debtors	136,878	50,403
Amounts owed by group undertakings	5,902,464	4,580,177
Corporation tax receivable	601,899	395,977
VAT receivable	165,714	14,961
Other debtors	152,834	28,740
Prepayments and accrued income	304,946	261,096
	7,264,735	5,331,354

13. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	765,014	234,175
Amounts owed to subsidiary undertaking	100	-
Other creditors	40,575	-
Accruals and deferred income	2,027,638	252,617
	2,833,327	486,792

14. PROVISION FOR LIABILITIES

The movement in the deferred tax liability during the year was:

	2015	2014
	£	£
At 1 January	2,092,696	2,189,508
Credit to profit and loss for the year	(82,948)	(96,812)
At 31 December	2,009,748	2,092,696

The deferred tax liability consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Excess of taxation allowances over depreciation on tangible fixed assets	1,322,808	1,479,944
Revaluation gains on investment properties	342,002	207,022
Roll over gains	344,938	405,730
	2,009,748	2,092,696

15 RELATED PARTY TRANSACTIONS

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

16. SHARE CAPITAL

Allotted, called up and fully paid:	**2015**	2014
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000

17. NON-DISTRIBUTABLE RESERVES

The reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relates to an increase in the same asset. The directors consider that these unrealised movements are non-distributable until realised.

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements are drawn up 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 and immediate parent undertaking and also the controlling party. Copies of the consolidated financial statements can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.

19. TRANSITION TO FRS 102

The company transitioned to FRS102 from previously extant UK GAAP as at 1 January 2014. The impact from the transition to FRS102 is as follows:

Reconciliation of equity as at 1 January 2014

	£
Equity shareholders' funds under previous GAAP	**37,600,479**
Deferred taxation on revaluation of investment properties	(183,022)
Deferred taxation on roll over relief	(450,128)
Equity Shareholders' funds under FRS 102	**36,967,329**

Reconciliation of equity as at 31 December 2014

	£
Equity shareholders' funds under previous GAAP	**39,289,657**
Deferred taxation on revaluation of investment properties	(207,022)
Deferred taxation on roll over relief	(405,730)
Equity Shareholders' funds under FRS 102	**38,676,905**

Reconciliation of profit and loss as at 31 December 2014

	£
Profit for the year ended 31 December 2014 under previous GAAP	**2,292,986**
Revaluation of investment properties	646,192
Deferred taxation on investment properties	(24,000)
Deferred taxation on roll over relief	44,398
Profit for the year ended 31 December 2014 under FRS 102	**2,959,576**

For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with the previously extant United Kingdom Generally Accepted Accounting Practice ("UKGAAP"). These financial statements for the year ended 31 December 2015 are the first the company has prepared in accordance with FRS 102.

Accordingly the company has prepared individual financial statements which comply with FRS 102 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes. In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2014, the company's date of transition to FRS 102 and made those changes in accounting policies as required for the first time adoption of FRS 102. The following recognition and measurement differences resulted from the transition:

Investment properties- deferred tax on revaluation gains
FRS102 requires revaluation gains and losses on investment properties to be recorded in the income statement. Therefore a gain of £646,192 in 2014 has been recorded in the 2014 income statement. This adjustment has no impact in net assets.

Under FRS 102 provision for deferred tax is required on revaluation gains on investment properties. This resulted in a decrease in shareholder funds of £183,022 at 31 December 2013 a credit to the 2014 income statement of £24,000 resulting in a decrease of £207,022 in Shareholders' funds at 31 December 2014.

19. TRANSITION TO FRS 102 *(continued)*

Rolled over gains
Under FRS 102 provision for deferred tax is required on gains that have been rolled over into the cost of replacement assets which were previously exempt. This resulted in a decrease in shareholder funds of £450,128 at 31 December 2013 a credit to the 2014 income statement of £44,398 and a decrease of £405,730 in Shareholders' funds at 31 December 2014.

On transition to FRS 102, the Company has taken advantage of the transition relief as follows:

Investment in subsidiary
The company has elected to treat the carrying amount of investment in subsidiary under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.