

**Company Registration No. 04563001 (England and Wales)**

**MARCUS & MARCUS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**



# MARCUS & MARCUS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	E W Marcus
<b>Secretary</b>	M J Byatt
<b>Company number</b>	04563001
<b>Registered office</b>	142 St Marks Road Enfield EN1 1BJ
<b>Auditor</b>	Gerald Edelman 73 Cornhill London EC3V 3QQ

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# MARCUS & MARCUS LIMITED

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# MARCUS & MARCUS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The director presents the strategic report and the financial statements of Marcus & Marcus Limited for the year ended 31 March 2018.

#### **Fair review of the business**

The director is pleased to report a profit for the financial year of £1,333,314 (2017: £912,693) and that at 31 March 2018, the company's net assets were £6,156,019 (2017: £5,096,833).

#### **Principal risks and uncertainties**

The director and management team consider the risk implications of all significant business decisions and risks are reassessed on a regular basis to ensure that any changes in the company's operations, or the external environment, are identified and appropriately managed. The key risks affecting the business are as follows;

##### Operating risk

The company's reputation and continued success depend on its ability to provide domiciliary care services efficiently, cost effectively and compliantly.

##### Principal controls

The company's comprehensive quality assurance management system provides a framework to ensure operational policies and procedures are communicated, understood and adhered to. Competitiveness is maintained by actively managing its operational risk to provide a high level of service to its customers. The company keeps abreast of developments in the market by maintaining good relationships with the care sector.

##### Market risk

The market in which the company operates is regulated by the Care Quality Commission, which oversees the standards of the personal care services provided. Funded referred admissions by social services departments are based on reports by the care quality commission. The latest inspection report by the Care Quality Commission gave Marcus & Marcus Limited a good rating in all aspects.

##### Personnel risk

The company is reliant upon its high calibre management team and on the performance of its trained and experienced staff. The company places great emphasis on recruitment, training and ongoing assessment of staff. The director considers succession planning issues on a regular basis.

##### Financial risk

As a privately-owned business, Marcus & Marcus Limited's trading activity is principally funded from retained profits and is therefore reliant on converting these profits into cash.

##### Performance management

Financial monitoring, forecasting and planning is a continuous process, with particular emphasis on cash flow management and delivering a cost-effective service to customers whilst maintaining an acceptable return to the company's shareholder.

#### **Key performance indicators**

The main financial and non-financial KPIs of the business are revenue levels and the number of clients. These are all reviewed at a regular basis by the management team and variances investigated.

# MARCUS & MARCUS LIMITED

## STRATEGIC REPORT (CONTINUED)

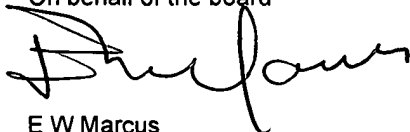
**FOR THE YEAR ENDED 31 MARCH 2018**

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### **Future plans**

The business is continually looking for opportunities to expand and grow the business while maintaining sufficient reserves to finance business needs.

On behalf of the board



E W Marcus

**Director**

11 February 2019

# MARCUS & MARCUS LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The director presents his annual report and financial statements for the year ended 31 March 2018.

#### Principal activities

The principal activity of the company continued to be that of the provision of domiciliary care services.

#### Director

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

E W Marcus

#### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £274,128 (2017: £111,861). The director does not recommend payment of a final dividend.

#### Auditor

Gerald Edelman were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

#### 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.

# MARCUS & MARCUS LIMITED

## DIRECTOR'S REPORT (CONTINUED)

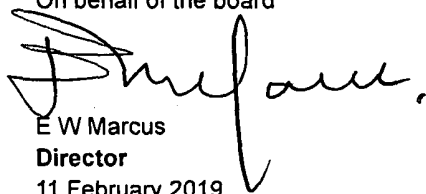
**FOR THE YEAR ENDED 31 MARCH 2018**

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### Going concern

Having reviewed the company's financial forecasts and expected future cash flows, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing these financial statements. Accordingly, the going concern basis has been adopted in preparing the financial statements for the year ended 31 March 2018.

On behalf of the board

A handwritten signature in black ink, appearing to read 'E W Marcus', is written over the printed name and title.

E W Marcus

Director

11 February 2019

# MARCUS & MARCUS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF MARCUS & MARCUS LIMITED

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#### Opinion

We have audited the financial statements of Marcus & Marcus Limited (the 'company') for the year ended 31 March 2018 which comprise the profit and loss account, the statement of comprehensive income, 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 March 2018 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The director is 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.

The prior year financial statements were unaudited.

#### 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.



# MARCUS & MARCUS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF MARCUS & MARCUS LIMITED

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### 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director either intends 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.

### 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.



Engin Zekia FCA (Senior Statutory Auditor)  
for and on behalf of Gerald Edelman

Chartered Accountants  
Statutory Auditor

11 February 2019

73 Cornhill  
London  
EC3V 3QQ

# MARCUS & MARCUS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	9,320,602	8,049,447
Cost of sales		(5,813,552)	(5,088,199)
<b>Gross profit</b>		<b>3,507,050</b>	<b>2,961,248</b>
Administrative expenses		(2,093,848)	(1,947,620)
Other operating income		272,793	187,034
<b>Operating profit</b>	4	<b>1,685,995</b>	<b>1,200,662</b>
Interest receivable and similar income	6	1,554	1,001
Interest payable and similar expenses	7	(38,122)	(43,480)
<b>Profit before taxation</b>		<b>1,649,427</b>	<b>1,158,183</b>
Tax on profit	8	(316,113)	(245,490)
<b>Profit for the financial year</b>		<b>1,333,314</b>	<b>912,693</b>

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

# MARCUS & MARCUS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

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	2018 £	2017 £
Profit for the year	1,333,314	912,693
Other comprehensive income		
Revaluation of tangible fixed assets	-	52,050
Total comprehensive income for the year	<u>1,333,314</u>	<u>964,743</u>

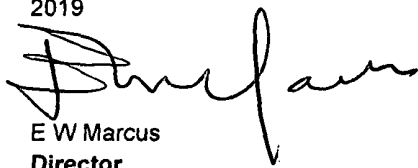
# MARCUS & MARCUS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	10		5,613,649		5,031,867
<b>Current assets</b>					
Debtors	12	1,403,679		1,144,293	
Cash at bank and in hand		1,373,084		1,128,327	
		<u>2,776,763</u>		<u>2,272,620</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(824,192)</u>		<u>(681,682)</u>	
<b>Net current assets</b>			1,952,571		1,590,938
<b>Total assets less current liabilities</b>			<u>7,566,220</u>		<u>6,622,805</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(1,268,990)		(1,384,761)
<b>Provisions for liabilities</b>	16		(141,211)		(141,211)
<b>Net assets</b>			<u><u>6,156,019</u></u>		<u><u>5,096,833</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		1		1
Other reserve			52,050		52,050
Profit and loss reserves	20		6,103,968		5,044,782
<b>Total equity</b>			<u><u>6,156,019</u></u>		<u><u>5,096,833</u></u>

The financial statements were approved and signed by the director and authorised for issue on 11 February 2019

  
E W Marcus  
Director

Company Registration No. 04563001

# MARCUS & MARCUS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Other reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2016</b>		1	-	4,243,950	4,243,951
<b>Year ended 31 March 2017:</b>					
Profit for the year		-	-	912,693	912,693
Other comprehensive income:					
Revaluation of tangible fixed assets		-	52,050	-	52,050
Total comprehensive income for the year		-	52,050	912,693	964,743
Dividends	9	-	-	(111,861)	(111,861)
<b>Balance at 31 March 2017</b>		1	52,050	5,044,782	5,096,833
<b>Year ended 31 March 2018:</b>					
Profit and total comprehensive income for the year		-	-	1,333,314	1,333,314
Dividends	9	-	-	(274,128)	(274,128)
<b>Balance at 31 March 2018</b>		1	52,050	6,103,968	6,156,019

# MARCUS & MARCUS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	23		1,665,244		(1,019,521)
Interest paid			(38,122)		(43,480)
Income taxes paid			(235,080)		-
<b>Net cash inflow/(outflow) from operating activities</b>			1,392,042		(1,063,001)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(732,873)		(55,575)	
Proceeds on disposal of tangible fixed assets		10,700		1,176	
Interest received		1,554		1,001	
<b>Net cash used in investing activities</b>			(720,619)		(53,398)
<b>Financing activities</b>					
Repayment of bank loans		(152,538)		1,575,149	
Dividends paid		(274,128)		(111,861)	
<b>Net cash (used in)/generated from financing activities</b>			(426,666)		1,463,288
<b>Net increase in cash and cash equivalents</b>			244,757		346,889
Cash and cash equivalents at beginning of year			1,128,327		781,438
<b>Cash and cash equivalents at end of year</b>			1,373,084		1,128,327

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

#### Company information

Marcus & Marcus Limited is a private company limited by shares incorporated in England and Wales. The registered office is 142 St Marks Road, Enfield, EN1 1BJ.

#### 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 £.

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

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for domiciliary care services provided in the normal course of business.

Revenue is recognised in the accounts in the period it relates to.

#### 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:

Freehold buildings	2% straight line basis
Leasehold buildings	2% straight line basis
Leasehold improvements	20% reducing balance
Plant and equipment	20% reducing balance
Fixtures and fittings	20% reducing balance
Motor vehicles	20% reducing balance

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.

#### 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.

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

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.

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

#### 1.6 Cash at bank and in hand

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

#### 1.7 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.



# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 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.

##### ***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.

#### 1.9 Taxation

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

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### **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.

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

#### **1.10 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.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 3 Turnover and other revenue

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
For the provision of domiciliary care services	9,320,602	8,049,447

	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	1,554	1,001

### 4 Operating profit

	2018 £	2017 £
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	10,000	-
Depreciation of owned tangible fixed assets	135,860	93,454
Loss on disposal of tangible fixed assets	4,531	1,074
Operating lease charges	48,301	52,787

### 5 Employees

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

	2018 Number	2017 Number
Office and management	30	30
Support	284	197
	314	227

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	6,487,643	5,830,709
Social security costs	497,921	454,013
Pension costs	44,206	41,015
	7,029,770	6,325,737

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 6 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	1,554	1,001

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,554	1,001
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### 7 Interest payable and similar expenses

	2018 £	2017 £
<b>Other finance costs:</b>		
Other interest	38,122	43,480

### 8 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	316,113	235,080
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	10,410
<b>Total tax charge</b>	<b>316,113</b>	<b>245,490</b>

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

	2018 £	2017 £
Profit before taxation	1,649,427	1,158,183
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	313,391	231,637
Tax effect of expenses that are not deductible in determining taxable profit	27,312	21,653
Gains not taxable	-	10,410
Permanent capital allowances	(24,590)	(18,210)
<b>Taxation charge for the year</b>	<b>316,113</b>	<b>245,490</b>

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2018*

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### 9 Dividends

	2018 £	2017 £
Interim paid	<u>274,128</u>	<u>111,861</u>

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 10 Tangible fixed assets

	Freehold buildings £	Leasehold buildings £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>							
At 1 April 2017	3,592,000	1,066,050	433,364	163,535	202,518	182,038	5,639,505
Additions	655,999	-	-	31,432	21,889	23,553	732,873
Disposals	-	-	-	-	-	(43,701)	(43,701)
At 31 March 2018	4,247,999	1,066,050	433,364	194,967	224,407	161,890	6,328,677
<b>Depreciation and impairment</b>							
At 1 April 2017	-	-	277,026	104,268	125,941	100,403	607,638
Depreciation charged in the year	38,107	10,661	31,268	18,140	19,693	17,991	135,860
Eliminated in respect of disposals	-	-	-	-	-	(28,470)	(28,470)
At 31 March 2018	38,107	10,661	308,294	122,408	145,634	89,924	715,028
<b>Carrying amount</b>							
At 31 March 2018	4,209,892	1,055,389	125,070	72,559	78,773	71,966	5,613,649
At 31 March 2017	3,592,000	1,066,050	156,338	59,267	76,577	81,635	5,031,867

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 11 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,336,574	1,106,350
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,560,626	1,654,661

### 12 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,166,853	817,126
Other debtors	169,721	289,224
Prepayments and accrued income	67,105	37,943
	1,403,679	1,144,293

### 13 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	15	153,621	190,388
Corporation tax		316,113	235,080
Other taxation and social security		216,443	176,702
Other creditors		86,184	71,559
Accruals and deferred income		51,831	7,953
		824,192	681,682

The bank loans are secured by a fixed and floating charge over the assets of the company, and a personal guarantee of the director of £40,000.

### 14 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	15	1,268,990	1,384,761
<b>Amounts included above which fall due after five years are as follows:</b>			
Payable by instalments		654,502	770,273

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 15 Loans and overdrafts

	2018 £	2017 £
Bank loans	1,422,611	1,575,149
Payable within one year	153,621	190,388
Payable after one year	1,268,990	1,384,761

The bank loans are secured by a fixed and floating charge over the assets of the company, and a personal guarantee of the director of £40,000.

The bank loans held by the company have interest rates of between 2-3% The loans are due to mature between 2025 and 2030. Aggregate repayments are approximately £12,500 per month.

### 16 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	17	141,211	141,211

### 17 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Revaluations	141,211	141,211

There were no deferred tax movements in the year.

### 18 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	44,206	41,015

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.



# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 19 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

#### 20 Profit and loss reserves

	2018 £	2017 £
At the beginning of the year	5,044,782	4,243,950
Profit for the year	1,333,314	912,693
Dividends declared and paid in the year	(274,128)	(111,861)
	<u>6,103,968</u>	<u>5,044,782</u>
At the end of the year	<u><u>6,103,968</u></u>	<u><u>5,044,782</u></u>

#### 21 Operating lease commitments

##### Lessee

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:

	2018 £	2017 £
Within one year	126,548	109,598
Between two and five years	-	126,548
	<u>126,548</u>	<u>236,146</u>
	<u><u>126,548</u></u>	<u><u>236,146</u></u>

#### 22 Related party transactions

Included in creditors is a balance of £22,500 (2017: £52,500) due to the company secretary a relative of the director.

During the year, the company was charged consultancy fees of £63,000 (2017: £34,450) by Marcus & Byatt Ltd, a company in which the director has material interest.

During the year, the company was charged consultancy fees of £53,900 (2017: £38,350) by Byatt Consultancy Ltd, a company in which the company secretary has material interest.

Dividends totalling £274,128 (2017: £111,861) were paid in the year in respect of shares held by the company's director.

# MARCUS & MARCUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 23 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,333,314	912,693
<b>Adjustments for:</b>		
Taxation charged	316,113	245,490
Finance costs	38,122	43,480
Investment income	(1,554)	(1,001)
Loss on disposal of tangible fixed assets	4,531	1,074
Depreciation and impairment of tangible fixed assets	135,860	93,454
<b>Movements in working capital:</b>		
(Increase) in debtors	(259,386)	(193,778)
Increase/(decrease) in creditors	98,244	(2,120,933)
<b>Cash generated from/(absorbed by) operations</b>	<u><u>1,665,244</u></u>	<u><u>(1,019,521)</u></u>