

**Marshall of Peterborough
Limited**
Report and unaudited financial statements
For the year ended 31 December 2019
Company Number 04861074

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Marshall of Peterborough Limited
Report and unaudited financial statements
For the year ended 31 December 2019

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Marshall of Peterborough Limited
Officers and Professional Advisers
For the year ended 31 December 2019

The Board of Directors

D. Gupta
R.J. Blumberger

Company Secretary

S.R. Jones

Registered Office

Airport House
The Airport
Newmarket Road
Cambridge
CB5 8RY

Bankers

Barclays Bank plc
9-11 St. Andrew's Street
Cambridge
CB2 3AA

Solicitors

Dentons UKMEA LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1FE

Marshall of Peterborough Limited

Strategic Report

For the year ended 31 December 2019

Review of the business

The activities of Marshall of Peterborough Limited ("the Company") continue to consist primarily of vehicle sales, servicing of vehicles and associated activities.

The Company's financial performance is assessed primarily in relation to turnover and gross margin as disclosed in the Income Statement. Turnover increased to £15,569,000 (2018: £14,486,000) with gross profit decreasing to £1,766,000 (2018: £1,865,000).

Key performance indicators

The business activities of the Company cover multiple divisions operated by the group headed by Marshall Motor Holdings plc ("the Group"). As performance is managed on a divisional basis, additional Company specific performance indicators are not considered necessary to provide an understanding of the financial position and performance of business activities. Divisional performance is discussed in the Marshall Motor Holdings plc Annual Report which is available online or can be obtained from the address in Note 21. The Marshall Motor Holdings plc Annual Report does not form part of this Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties that may have a significant impact on the Company's financial condition, results of operations and/or reputation include: business relationships and strategy, legal and regulatory changes, compliance risk, economic and political uncertainty, treasury and finance risks, environmental and health and safety risks, attracting and retaining key employees and IT and cyber security risks. The Company is a member of the group (the "Group") headed by Marshall Motor Holdings plc ("MMH"), for full details of these risks, see the Principal Risks and Uncertainties section of the MMH Annual Report and Accounts.

The Directors' draw specific attention to the following risks:

Brexit

The UK has left the EU. Following the end of the transition period on 31 December 2020 the future terms of UK-EU trade will be dependent upon the outcome of the negotiations between the UK Government and the EU. If an agreement is not reached, trading will be based upon the World Trade Organization rules from 1 January 2021.

The COVID-19 pandemic has impacted the progress of negotiations; however, it remains possible that a successful, negotiated outcome between the UK and EU will be reached. The COVID-19 pandemic has already created economic uncertainty and a failure to reach a mutually beneficial trade agreement would be likely to introduce further risk and instability. The Company is monitoring the status of negotiations and the forecast impacts of these upon the UK macroeconomic environment.

Changes in regulation and tariffs may lead to issues with vehicle supply or increases in prices. Whilst the Company does not make significant sales or purchases in currencies other than GBP, the prices of vehicles and parts purchased from the NSCs may also be impacted by exchange rate changes brought about by diverging economic performance and fiscal policy between the UK and Eurozone. The Company continues to maintain close relationships with manufacturers and to monitor manufacturers' preparations for a new trading relationship from 1 January 2021.

The Company is not directly reliant upon labour from EU countries, however, the performance of the UK labour market due to wider changes in freedom of movement of people between the UK and the EU may impact upon the Company's ability to attract and retain staff.

Given the complexity of the economic environment and the evolving negotiations, the overall impact of this risk is difficult to determine. As the position becomes clearer the Directors will take appropriate actions when necessary.

COVID-19

The Directors draw specific attention to the pervasive impacts of the ongoing COVID-19 pandemic. The ongoing COVID-19 pandemic has caused major disruption to businesses across the world, including the Company. As health and government authorities' responses to the pandemic continue to evolve and the full macroeconomic impacts of the pandemic continue to unfold, the duration and extent of the disruption are in part unknown at this time. The Company continues to follow all government guidance to ensure a Covid-secure operating environment for all customers and colleagues.

Marshall of Peterborough Limited

Strategic Report *(continued)*

For the year ended 31 December 2019

Principal risks and uncertainties *(continued)*

COVID-19 *(continued)*

A regular assessment of the personal and commercial impacts and mitigating actions required continues to be carried out at both a Group and local geographical level by the Directors and Board. Communications and guidance on revised policies and procedures implemented in response to the impacts of COVID-19 are being regularly issued internally to support colleagues and customers. Furthermore, the Directors have taken appropriate cost mitigation actions and the Company is benefiting from the support provided by the UK Government, by vehicle manufacturers, by supply chain partners and by the Group's funding facility providers. Further details of mitigating actions taken are included in the Going Concern disclosure in the Directors' Report below.

As the public health and economic situations continue to develop and the UK Government and the health authorities adapt their responses to the pandemic, the Company will continue to closely monitor, assess and take mitigating actions in response to the evolving risks and uncertainties resulting from the COVID-19 pandemic. These risks and uncertainties are expected to remain in existence for the foreseeable future and could continue to have a material impact on the Company's performance over the remaining six months of the financial year. Consequently, the Company's financial position and performance could differ materially from expected and historic results.

Short-term mitigating actions

The COVID-19 pandemic will have a material impact on the Company's and the Group's profitability and cash flows for the year ending 31 December 2020. In response to this situation, the Company and the Group have taken, and are continuing to take, actions to conserve cash and mitigate losses.

Financial position

The Group has modelled a number of scenarios all of which show sufficient headroom within the Group's existing and future revolving credit facility. The Group has also extended vehicle stock funding facilities during this period and so will continue to have vehicle inventories funded in the normal way. Whilst these extensions are for a finite period, all funders remain open to discussion once more is understood regarding the timing of the impact of the temporary shutdown and back to work scenarios.

The Group is at advanced stages of discussion around the covenant measures required during the testing period in 2020. The Company is party to these facilities either directly or via the support provided to it by MMH as set out in the Directors' Report.

Financial risk management

Business activities are carried out under normal trade terms; these terms and relationships with suppliers and customers are regularly reviewed. The Company has a treasury arrangement providing access to Group facilities; funding requirements are managed on a group wide basis. The Company does not use financial derivatives and does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Approval

This Strategic Report was approved by order of the Board on 23 September 2020.



R.J. Blumberger
Director

Marshall of Peterborough Limited

Directors' Report

For the year ended 31 December 2019

Directors

The Directors of Marshall of Peterborough Limited ("the Company") throughout the year and to the date of this report were:

D. Gupta
M.D. Raban (resigned 2 January 2019)
R.J. Blumberger (appointed 2 January 2019)

Results and dividends

The Company is owned by Marshall Motor Holdings plc ("the Group").

The loss for the year, after tax, amounted to £146,000 (2018: £78,000). No dividends were paid during the year (2018: £nil).

Charitable donations

During the year, the Company made charitable donations of £nil (2018: £nil).

Events since the balance sheet date

Subsequent to the end of the reporting period, the Company is experiencing significant business disruption arising as a result of the global COVID-19 pandemic. In particular, the Company was required to close its dealership showroom from 23 March 2020; this remained closed until 1 June 2020 in accordance with Government guidelines. The Company's aftersales facility remained open to provide aftersales services to the emergency services, transport companies and other key workers.

In addition to having a material impact on the Company's trading for the year ending 31 December 2020, these events may have an impact on the net realisable value of vehicle stocks as well as the recoverable amount of non-financial assets held as at 31 December 2019. Whilst uncertainty over the length and extent of the current circumstances remains, the full financial impact of these events cannot be reliably estimated.

These significant changes in the Company's activities, and to broader economic conditions, occurred as a result of events after 31 December 2019. Therefore, the financial position and performance of the Company as presented in these financial statements has not been adjusted for the impacts of the ongoing COVID-19 pandemic.

Going concern

The Company reported a loss for the twelve months ended 31 December 2019, and maintained a negative financial position. In addition, the Company has a treasury arrangement with other companies in the group of companies of which Marshall Motor Holdings plc ("MMH") is the parent company (the "MMH Group"). This arrangement facilitates the Company being able to meet its liabilities as they fall due.

The Company is a member of the group (the "Group") headed by Marshall Motor Holdings plc ("MMH"). The Group has £120 million of committed bank facilities due to expire in January 2023. In addition to these banking facilities the Company also has, through being a member of the Group, access to substantial vehicle inventory funding arrangements of which £3.4 million was utilised by the Company and a total of £443.7 million was utilised by the Group at 31 December 2019.

The financial statements are prepared on a going concern basis. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date that these financial statements are signed. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

The Directors have considered the future prospects and performance of the Company including; the impact of no trade deal with the EU being in place at the end of the transition period on 1 January 2021, the ongoing COVID-19 pandemic, the availability of UK Government support, the Company's business plans, the impact of acquisitions, forecast future cash flows and availability of core and auxiliary financing facilities. Details of the assessment conducted by the Directors is set out below.

Marshall of Peterborough Limited

Directors' Report *(continued)*

For the year ended 31 December 2019

Going concern *(continued)*

COVID-19 *(continued)*

At the date of these financial statements, the Company has experienced significant business disruption arising as a result of the global COVID-19 pandemic. In particular, the Company was required to close its dealership showroom from 23 March 2020; this remained closed until 1 June 2020 in accordance with Government guidelines. The Company's aftersales facility remained open to provide aftersales services to the emergency services, transport companies and other key workers.

The Directors have assessed the potential ongoing impacts of the COVID-19 pandemic coupled with the risk of there not being a comprehensive trade deal at the end of the Brexit transition period, leading to wider economic disruption and have modelled various scenarios based on a continued disruption to the Company's activities and those of the Group. All scenarios modelled assess the Group as a whole and assume that the Company continues to have access to existing banking facilities made available by the Group. The Company has received a letter of support to this effect from its parent, Marshall Motor Holdings plc.

Consequently, the Directors have concluded that Company is able to continue as a going concern through to September 2021.

Future developments

The Group's strategic vision is to be regarded as the UK's premier automotive retail group. The Group will continue to focus on achieving this goal through:

- the performance optimisation of the business
- offering outstanding customer service
- demonstrating retailing excellence
- building strong relations with our brand partners and key suppliers, and
- by being a great place to work.

Approval

This Directors' Report was approved by order of the Board on 23 September 2020.



R.J. Blumberger
Director

Marshall of Peterborough Limited

Statement of Directors' Responsibilities

For the year ended 31 December 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company 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 its profit or loss for that year.

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.

Marshall of Peterborough Limited
Income Statement
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	4	15,569	14,486
Cost of sales		(13,803)	(12,621)
Gross profit		1,766	1,865
Administrative expenses		(1,899)	(1,920)
Operating loss		(133)	(55)
Interest payable and similar charges	7	(47)	(43)
Loss on ordinary activities before taxation	5	(180)	(98)
Tax on loss on ordinary activities	8	34	20
Loss for the financial year		(146)	(78)

The Company has no recognised gains or losses other than the loss for the year as set out above.

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

The notes on pages 11 to 20 form part of these financial statements.

Marshall of Peterborough Limited

Balance Sheet

As at 31 December 2019

	Note	£'000	2019 £'000	2018 £'000
Fixed assets				
Tangible assets	9		18	60
Current assets				
Stock	10	3,042		2,438
Debtors	11	2,383		2,568
Cash at bank and in hand		128		14
		<u>5,553</u>		<u>5,020</u>
Creditors: amounts falling due within one year	13	(5,922)		(5,303)
Net current liabilities			(369)	(283)
Total assets less current liabilities			(351)	(223)
Creditors: amounts falling due after more than one year	14		(98)	(80)
Net liabilities			<u>(449)</u>	<u>(303)</u>
Capital and reserves				
Called-up share capital	18		1,100	1,100
Profit and loss account			<u>(1,549)</u>	<u>(1,403)</u>
Shareholder's deficit			<u>(449)</u>	<u>(303)</u>

The notes on pages 11 to 20 form part of these financial statements.

For the year ended 31 December 2019 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 23 September 2020.



R.J. Blumberger
Director

Company Number: 04861074

Marshall of Peterborough Limited

Statement of Changes in Equity

For the year ended 31 December 2019

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	1,100	(1,325)	(225)
Loss for the financial year	-	(78)	(78)
Total comprehensive loss for the year	-	(78)	(78)
At 31 December 2018	1,100	(1,403)	(303)
Loss for the financial year	-	(146)	(146)
Total comprehensive loss for the year	-	(146)	(146)
At 31 December 2019	1,100	(1,549)	(449)

Marshall of Peterborough Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Basis of preparation and statement of compliance

Marshall of Peterborough Limited (company number: 04861074) ("the Company") is a private company, limited by shares, incorporated in England and Wales. The registered office is Airport House, The Airport, Newmarket Road, Cambridge, CB5 8RY. The financial statements have been prepared in compliance with FRS 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'. The Company has applied FRS 102 as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. The Triennial Review amendments have had no material impact on the financial statements of the Company.

The financial statements of the Company were authorised for issue by the Board of Directors on September 2020.

The financial statements are prepared in sterling which is the functional and presentational currency of the Company. All amounts are rounded to the nearest £'000.

The Company accounts have also adopted the following disclosure exemptions:

- Presentation of a cash-flow statement and related notes
- Financial instrument-related disclosures
- Key management personnel compensation disclosures
- Related party disclosures with wholly owned subsidiaries within the group

These exemptions have been applied as the Company is a qualifying entity and the shareholders of the Company have been notified in writing and no objection has been made to the use of the exemptions.

The Company has taken the exemption from an audit for the year ended 31 December 2019 by virtue of s479A of the Companies Act 2006. In order to allow the Company to take the audit exemption, the parent company Marshall Motor Holdings plc ("the Group") has given a statutory guarantee of all the outstanding liabilities of the Company as at 31 December 2019.

Under section 479C of the Companies Act 2006, the parent company Marshall Motor Holdings plc has guaranteed all outstanding liabilities to which the Company was subject at the end of 31 December 2019 until they are satisfied in full. Such guarantees are enforceable against Marshall Motor Holdings plc by any person to whom any such liability is due.

Going concern

The Company reported a loss for the twelve months ended 31 December 2019, and maintained a negative financial position. In addition, the Company has a treasury arrangement with other companies in the group of companies of which Marshall Motor Holdings plc ("MMH") is the parent company (the "MMH Group"). This arrangement facilitates the Company being able to meet its liabilities as they fall due.

The Company is a member of the group (the "Group") headed by Marshall Motor Holdings plc ("MMH"). The Group has £120 million of committed bank facilities due to expire in January 2023. In addition to these banking facilities the Company also has, through being a member of the Group, access to substantial vehicle inventory funding arrangements of which £3.4 million was utilised by the Company and a total of £443.7 million was utilised by the Group at 31 December 2019.

The financial statements are prepared on a going concern basis. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date that these financial statements are signed. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

The Directors have considered the future prospects and performance of the Company including: the impact of no trade deal with the EU being in place at the end of the transition period on 1 January 2021, the ongoing COVID-19 pandemic, the availability of UK Government support, the Company's business plans, the impact of acquisitions, forecast future cash flows and availability of core and auxiliary financing facilities. Details of the assessment conducted by the Directors is set out below.

Marshall of Peterborough Limited

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2019

1. Basis of preparation and statement of compliance *(continued)*

Going concern *(continued)*

COVID-19

At the date of these financial statements, the Company has experienced significant business disruption arising as a result of the global COVID-19 pandemic. In particular, the Company was required to close its dealership showroom from 23 March 2020; this remained closed until 1 June 2020 in accordance with Government guidelines. The Company's aftersales facility remained open to provide aftersales services to the emergency services, transport companies and other key workers.

The Directors have assessed the potential ongoing impacts of the COVID-19 pandemic coupled with the risk of there not being a comprehensive trade deal at the end of the Brexit transition period, leading to wider economic disruption and have modelled various scenarios based on a continued disruption to the Company's activities and those of the Group. All scenarios modelled assess the Group as a whole and assume that the Company continues to have access to existing banking facilities made available by the Group. The Company has received a letter of support to this effect from its parent, Marshall Motor Holdings plc.

Consequently, the Directors have concluded that Company is able to continue as a going concern through to September 2021.

2. Accounting policies

Revenue recognition

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding Value Added Tax. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover in respect of new and used vehicle sales is recognised when: the significant risks and rewards of ownership of the goods have passed to the buyer, usually when a customer takes possession of a vehicle; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or expected to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover in respect of other services is recognised once the service has been provided.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of tangible fixed assets have different useful lives, those components are accounted for as separate items of tangible fixed assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Estimated residual values are included in the calculation of depreciation. The useful lives applicable are:

Fixtures and fittings	- 5 years
Computer equipment	- 2-5 years

Marshall of Peterborough Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Impairment of non-financial assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement for the year.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement for the year.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Stock held on consignment is recognised in the Balance Sheet when the terms of a consignment agreement and commercial practice indicate that the principal benefit of owning the stock (the ability to sell it) and principal risks of ownership (stock holding cost, responsibility for safe-keeping and some risk of obsolescence) rest with the Company. Stock held on consignment is recognised net of value added taxes.

Basic financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment. Any losses arising from impairment are recognised in the Income Statement in administrative expenses.

Creditors

Short term trade creditors are measured at the transaction price. Trade creditors include the liability for vehicles (inclusive of value added taxes) held on consignment with the corresponding asset included within stock (exclusive of value added taxes).

Cash and cash equivalents

Cash at bank and in hand comprise cash at bank and cash in hand.

Leasing – as lessee

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

Deferred tax is calculated without discounting using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition in a business combination, the tax charge / (credit) is presented either in the Income Statement, Other Comprehensive Income or Statement of Changes in Equity depending on the transaction that resulted in the tax charge / (credit).

Marshall of Peterborough Limited

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2019

2. Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Pensions

The Company participates in a defined contribution scheme for its employees. Contributions are charged to the Income Statement as they become payable in accordance with the rules of the scheme.

3. Significant judgements and key sources of estimation uncertainty

The Company makes judgements and estimates concerning the future. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Estimated useful life of tangible fixed assets and impairment of non-financial assets

The Company estimates the useful life and residual values of tangible fixed assets and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs or annually as appropriate.

Stock valuation

Motor vehicle stock is stated at the lower of cost and net realisable value (fair value less costs to sell). Fair values are assessed using reputable industry valuation data which is based upon recent industry activity and forecasts. Whilst this data is deemed representative of current value it is possible that ultimate sales values can vary from those applied.

Taxation

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing or level of future taxable income.

4. Turnover

Turnover is all attributable to the principal activity of the Company, which is car and commercial vehicle sales, distribution and service. All turnover arises from continuing activities within the United Kingdom and is stated net of VAT.

Turnover is analysed as follows:

	2019	2018
	£'000	£'000
Sale of goods	14,553	13,486
Rendering of services	1,016	1,000
	15,569	14,486

5. Loss on ordinary activities before taxation

This is stated after charging:

	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets (note 9)	42	43
Operating lease costs - land and buildings	124	121

Marshall of Peterborough Limited
Notes to the Financial Statements *(continued)*
For the year ended 31 December 2019

6. Staff costs

Staff costs during the year were as follows:

	2019 £'000	2018 £'000
Wages and salaries	899	869
Social security costs	92	87
Other pension costs	18	13
	1,009	969

The average number of employees during the year was as follows:

	2019 No.	2018 No.
Administration	6	8
Sales and aftersales	23	23
	29	31

The costs of Directors' services are borne by the Group.

7. Interest payable and similar charges

	2019 £'000	2018 £'000
Stock financing charges	47	43

8. Tax

a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2019 £'000	2018 £'000
<i>Current tax</i>		
Current tax on losses for the year	(30)	(16)
Adjustment in respect of previous periods	(1)	48
Total current tax	(31)	32
<i>Deferred tax</i>		
Origination and reversal of timing differences	(2)	(1)
Adjustment in respect of previous periods	(1)	(51)
Total deferred tax	(3)	(52)
Taxation on loss on ordinary activities	(34)	(20)

Marshall of Peterborough Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

8. Tax (continued)

b) Factors affecting the total tax credit

The tax assessed on the loss on ordinary activities for the year is the same as (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(180)	(98)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	(34)	(19)
Effects of:		
Expenses not deductible for tax purposes	2	2
Adjustments to tax charge in respect of previous periods	(2)	(3)
Total tax credit for the year	(34)	(20)

c) Factors that may affect the future tax charge

Future tax charges, and the Company's effective tax rate, may be affected by factors such as acquisitions, disposals, restructuring and tax regime reforms.

The Finance Act 2016, which was substantively enacted when it received Royal Assent on 15 September 2016, reduced the corporation tax rate to 19% with effect from 1 April 2017 decreasing to 17% with effect from 1 April 2020. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% with effect from 1 April 2020 would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were not substantively enacted as at the balance sheet date, therefore, have not been reflected in the tax figures reported. This change to the rate of corporation tax will affect the amount of future cash tax payments for which the Company will be responsible as well as the future measurement of deferred taxation balances.

For further information on deferred tax balances see Note 12.

9. Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 January 2019	478
Disposals	(158)
At 31 December 2019	320
Depreciation	
At 1 January 2019	418
Charge for the year	42
On disposals	(158)
At 31 December 2019	302
Net book value	
At 31 December 2019	18
At 1 January 2019	60

Marshall of Peterborough Limited
Notes to the Financial Statements *(continued)*
For the year ended 31 December 2019

10. Stock

	2019	2018
	£'000	£'000
Stock held for resale	3,042	2,438
	3,042	2,438

The replacement cost of stock is not significantly different from the value included in the Balance Sheet.

At 31 December 2019, all new and the majority of used vehicles are held under vehicle financing arrangements, see Note 13.

11. Debtors

	2019	2018
	£'000	£'000
Trade debtors	371	329
Amounts owed by Group undertakings	1,823	2,186
Other debtors	87	24
VAT	73	-
Prepayments	19	22
Deferred taxation (note 12)	10	7
	2,383	2,568

12. Deferred tax

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

	2019	2018
	£'000	£'000
At 1 January	7	(45)
Changes in provision	3	52
At 31 December (note 11)	10	7

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

	2019	2018
	£'000	£'000
Decelerated capital allowances	10	7
Total deferred taxation	10	7

It is expected that deferred tax relating to timing differences on tangible fixed assets of £10,000 (2018: £7,000) will reverse in the next year after taking into account new origination of deferred tax in that period.

Marshall of Peterborough Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

13. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors		
- Vehicle financing arrangements	3,410	2,982
- Other trade creditors	180	9
Amounts owed to Group undertakings	2,284	2,250
Other taxation and social security	28	35
Other creditors	3	2
Accruals	17	25
	5,922	5,303

The Company finances the purchase of new and used vehicle inventories using vehicle funding facilities provided by various lenders including the captive finance company associated with the brand partner. These finance arrangements have varying maturity profiles with terms ranging from 60 to 360 days. The Company is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date.

Amounts due to finance companies in respect of vehicle funding are included within trade creditors and disclosed under vehicle financing arrangement.

Vehicle financing facilities are subject to LIBOR-based (or similar) interest rates. The interest incurred under these arrangements is included within interest payable and similar charges and classified as inventory financing charges.

Vehicle funding facilities provided by various lenders are secured against vehicles and by guarantees provided by the Group's parent company, Marshall Motor Holdings plc.

Management considers the carrying amount of creditors to approximate their fair value.

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

	2019 £'000	2018 £'000
Deferred income	98	80

15. Pensions

As described in Note 2, the Company participates in a pension scheme for the benefit of its employees which is a defined contribution scheme. The scheme is funded by the payment of contributions to a trustee administered fund which is kept independently from the assets of the participating employers.

The total pension cost for the year for the Company in respect of the scheme was £18,000 (2018: £13,000). The total unpaid pension contributions outstanding at the year-end were £4,000 (2018: £2,000).

Marshall of Peterborough Limited
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16. Transactions with related parties

During the year ended 31 December 2019, all transactions with related parties were with wholly owned subsidiaries within the Group. Therefore, all transactions are covered by the disclosure exemption taken by the Company.

2018	Sales to £'000	Purchases from £'000	Year-end balance £'000
Crystal Motor Group Limited	1	-	-
Marshall of Ipswich Limited	372	1,273	152
Marshall North West Limited	-	82	(10)
Marshall Motor Group Limited	1,473	-	-
Ridgeway Garages (Newbury) Limited	-	21	-
Marshall of Stevenage Limited	324	394	-
	2,170	1,770	142

Outstanding balances with Group entities are unsecured, interest free and are expected to be settled in cash. During the year ended 31 December 2019, the Company made no provisions for doubtful debts relating to amounts owed by related parties (2018: £nil).

17. Operating lease commitments

The Company's future minimum operating lease commitments all relate to land and buildings and are as follows:

	2019 £'000	2018 £'000
Within one year	127	121

18. Share capital

Allotted, called up and fully paid:	2019 £'000	2018 £'000
11,000 ordinary 'A' shares of £1 each	11	11
1,089,000 ordinary shares of £1 each	1,089	1,089
	1,100	1,100

The two classes of shares rank equally in respect of their rights to dividends and in respect of their priority and the amounts receivable in the event of a winding up. There are certain operating issues on which either the holders of ordinary shares alone, or the holders of ordinary 'A' shares alone, can vote. On all other matters, the two classes of shares have equal voting rights.

19. Reserves

Profit and loss account – includes all current and prior period profits and losses.

Marshall of Peterborough Limited

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2019

20. Guarantees and other financial commitments

The Group has a revolving credit facility of £120,000,000 of which £25,000,000 was drawn at 31 December 2019 (2018: £nil). This facility includes access to an overdraft facility of £25,000,000. This facility is available for general corporate purposes including acquisitions or working capital requirements.

The facility is secured by cross guarantees granted by certain members of the Group. The facility is available until January 2023.

The Group's principal vehicle stock funding facility is secured by a cross guarantee granted by the Company.

21. Ultimate parent company

The parent undertaking of the 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. This is therefore considered to be the ultimate parent company. The parent company of the smallest such group is Marshall Motor Holdings plc, which is also the Company's immediate parent undertaking.

Copies of the consolidated financial statements for both Marshall Motor Holdings plc and Marshall of Cambridge (Holdings) Limited can be obtained from Airport House, The Airport, Cambridge CB5 8RY.

22. Subsequent events

Subsequent to the end of the reporting period, the Company is experiencing significant business disruption arising as a result of the global COVID-19 pandemic. In particular, the Company was required to close its dealership showroom from 23 March 2020; this remained closed until 1 June 2020 in accordance with Government guidelines. The Company's aftersales facility remained open to provide aftersales services to the emergency services, transport companies and other key workers.

In addition to having a material impact on the Company's trading for the year ending 31 December 2020, these events may have an impact on the net realisable value of vehicle stocks as well as the recoverable amount of non-financial assets held as at 31 December 2019. Whilst uncertainty over the length and extent of the current circumstances remains, the full financial impact of these events cannot be reliably estimated.

These significant changes in the Company's activities, and to broader economic conditions, occurred as a result of events after 31 December 2019. Therefore, the financial position and performance of the Company as presented in these financial statements has not been adjusted for the impacts of the ongoing COVID-19 pandemic.