

COMPANY REGISTRATION NUMBER 02661432

Marshall Land Systems Limited
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021



Marshall Land Systems Limited
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

CONTENTS	PAGE
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities	7
Independent auditor's report to the shareholders	8
Income statement	11
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	15

Marshall Land Systems Limited

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors	G.J.S. Moynihan D.J. Toms (appointed 5 August 2022) D.S. Wilkinson (resigned 5 August 2022) M.G. Banfield (resigned 13 July 2021) R.D. Cutting (resigned 1 December 2021)
Company secretary	S.J. Moynihan
Registered office	Airport House The Airport Cambridge CB5 8RY
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Barclays Bank Plc 9-11 St Andrews Street Cambridge CB2 3AA
Solicitors	Eversheds LLP Kett House Station Road Cambridge CB1 2JY

Marshall Land Systems Limited

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2021

The directors of Marshall Land Systems Limited ('company') present their report and financial statements containing a strategic report, directors' report and the financial statements for the year ended 31 December 2021.

Principal Activity

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

Key Performance Indicators

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

	2021	2020
Turnover (£000's)	38,077	41,422
Gross profit as % of sales	5%	19%
Operating Profit before separately disclosed items (£000's)	(6,086)	2,389
Profit before tax (£000's)	(6,083)	2,253
Order intake (£000's)	25,432	21,470
Current assets as a % of current liabilities	145%	254%
Average number of employees	271	248

- The decrease in turnover was primarily driven by production delays on a number of large contracts due to supply chain being impacted by COVID-19 delays, employees in the production areas being impacted by COVID-19 sickness and inefficiencies following the new ERP system go-live
- Gross profit as a percentage of sales decreased from a budgeted 16% to 5% due to material and labour costs on a few large contracts increasing and impacting the expected margin outturn on these contracts.
- Operating Loss before separately disclosed items decreased from a £2.3m profit to a £6.0m loss. This was driven by additional unexpected costs due to COVID-19, inefficiencies in the business created by the implementation of the new ERP system and order placement delays described in the Business Review section below. In addition, a thorough business review was completed which found that some items of stock and WIP required writing off. These were one-off impacts that will not be repeated in future years.
- Order intake increased marginally compared to 2020. The company continues to develop a focused pipeline of opportunities to better align the business to strategic planning.
- The average number of employees increased in 2021 and is reflective of additional resource required to support larger contracts and the expected business growth in 2022 and going forward.

Business Review

2021 continued to be challenging due to a number of macro-economic effects. These were primarily disruptions caused by COVID-19, knock on impacts in post Brexit go-live and volatility in the global supply chain. In addition, the business was further impacted by the business integration of the new ERP system following go-live in October 2020. This resulted in production disruptions mainly through supply chain shortages and some impacts to the efficiency of our operations. Whilst the business continued to cope with these challenges, they did have a significant bearing on the full year results. Gross margins were expected to be lower at 16% due to the mix of projects delivered in the year with lower margins but higher volumes. However, due to delays on these large projects through supplier disruptions and required design iterations, the volumes delivered were lower than planned. This resulted in an Operating loss before separately disclosed items of £6.0m.

Marshall Land Systems Limited

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2021

Business Review *(continued)*

The business added new orders of £25.4m in the year which is up £4.0m on the prior year, less than expected due to the timing of further large opportunities that were in the pipeline. The business orderbook and pipeline opportunities remain high and there remains optimism of success on future large deals. During 2021 the business has continued to grow both the capability and capacity in its team across both direct and indirect staff to provide the strength to deliver against the large projects already won and future large projects in the pipeline.

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

Future Developments

Following the performance and macro effects, the business has adapted to transform inline with our new strategy. The business is focused on its core markets of operational infrastructure, special purpose infrastructure, mission support infrastructure and managed support services, both as the prime contractor and tier 1 partner of choice or strategic support supplier. The strategic focus remains consistent with a push to win more business in Europe and North America utilising the relationships with other group companies and there is a continuing focus on the growth of our Managed Support offerings to our customers which will improve the consistency and profitable mix of revenue flows for the business. The company continues to invest in new capabilities and has now begun a transformation programme including digitalisation, to ensure its systems are utilised to best advantage and standardisation / modularisation to provide its services as efficiently as possible.

The Russia-Ukraine war has not negatively exposed the business as neither Russia or the Ukraine are direct customers. However, the business has seen an increase in requests for quotes due to different nation states and Tier 1 contractors looking to support the Ukraine war effort.

Principal Risks and Uncertainties

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

Coronavirus / COVID-19

Following the emergence of the COVID-19 pandemic in early 2020, we continue to feel the effects from COVID-19 either directly through reduced customer demand for services or operational disruption caused by the significant absence amongst our workforce. The nature of the sector in which the company operates means that we have not seen any significant change in the demand and therefore do not anticipate any material impact on our revenue streams moving into the future. Our primary risk is therefore ensuring that we are able to continue to support customers by managing our workforce to support increased home working and to cope with increased sickness absence from our employees. Appropriate actions have been implemented to prioritise operational activities across the company, creating sufficient additional bandwidth to cope with increased sickness absence and also alleviate the burdens on technical infrastructure bandwidth necessary to support the significant expected increase in working from home. We also continue to work with our supply chain partners to ensure we do not suffer indirect disruption as a result of their responses to the COVID-19 pandemic.

Failure to maintain and grow a sustainable order book

The company has a significant order book, primarily driven from the successes in 2018 which continue to support the business moving forwards. With these long terms contracts we continue to keep the business on track and support the strategic direction with a more structured approach to bidding order pipeline opportunities aligned with our strategic pillars being; Operational Infrastructure; Special Purpose Infrastructure; Mission System Infrastructure and Managed Support Services. During 2022, the business has seen success in bidding on a number of opportunities that were in the 2021 pipeline based on this new strategy.

Marshall Land Systems Limited

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2021

Principal Risks and Uncertainties *(continued)*

Inadequate employee skills and experience and loss of key staff

People are the company's key asset and it invests a tremendous amount to ensure that it is not exposed to skill shortages in the business and that its staff are trained to an excellent standard. The company has a detailed people agenda with a current focus on talent management and skill development. Due to the changing recruitment market, making recruitment of key skills very competitive, the company has invested in a key strategic partnership to enhance the company's reach and incentivise talent to join Marshall.

Failure to deliver effective working capital management

The underlying risk environment has altered significantly following continued COVID-19 and global supply volatility. During 2021 the business was impacted by COVID-19 volatility, and as a reaction to that actively chose to protect against some of the major supplier chain challenges through inventory development and is still ongoing. Our future growth aspirations will naturally place more emphasis on effective working capital management in order to maintain our ability to effectively service our customer commitments whilst continuing to manage working capital closely and ensuring programme cash profiles are balanced across the project portfolio.

Cyber Security

Risks and incidents in the area of cyber security are well publicised in the press. However, the company operates within a market sector that is susceptible to malicious acts initiated by highly capable and well funded operations which, potentially, could ultimately be backed by nation states. Accordingly, the underlying threat profile faced by the organisation is deemed sufficiently significant that it is considered a key business risk. The company mitigates its risk in this area by running a rolling cyber security strategy programme which reviews the risk profile and identifies potential control gaps on a monthly basis along with any remedial action necessary to address them prior to their exploitation. The company was subject to various internal and external assessments of its cyber security during 2021 and continued assessments into 2022.

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

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

Exchange rate and credit risk

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

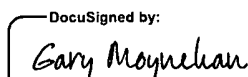
The directors have considered the impact and have appropriate plans to mitigate credit risk on the business and, given the nature of the company's customer base, do not consider it to be significant.

Liquidity and cash flow risk

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

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

Signed by order of the board of directors

DocuSigned by:

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G.J.S.Moynehan
Director

Approved by the directors on 28 September 2022

Marshall Land Systems Limited

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2021

The directors present their Report and Financial Statements of the company for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The company made an operating loss before separately disclosed items of £6,085,661 (2020: profit - £2,233,415) and a loss after tax of £4,893,980 (2020: profit - £1,830,046). The directors do not recommend the payment of a dividend (2020: £nil).

DIRECTORS

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

M.G. Banfield (resigned 13 July 2021)
R.D. Cutting (resigned 1 December 2021)
G.J.S. Moynihan
D.S. Wilkinson (resigned 5 August 2022)
D.J.Toms (appointed 5 August 2022)

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

None of the directors holding office at 31 December 2021 had notified a beneficial interest in any contract to which the company or its fellow group undertakings were a party during the financial year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

GOING CONCERN

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

For the year ended 31 December 2021 the company generated a post-tax loss of £4,893,980 and at 31 December 2021 had net current assets of £9,149,051 and net assets of £9,686,356 and has received a letter of support from MCH.

The directors have considered whether the company is able to meet its liabilities as they fall due and is a going concern. In addition to considering the company's forecast cash flows for the foreseeable future, the directors have also made enquiries of the MCH directors, given its guarantee to and participation in group banking arrangements. MCH directors have prepared a formal group going concern assessment, including the impact of certain reasonably possible adverse scenarios, which concludes the group is forecast to be able to meet its liabilities as they fall due for the relevant going concern period.

The MCH directors' assessment includes c£202m cash receipt, received in May 2022, following MCH selling its interest in Marshall Motor Holdings plc.

On this basis, the directors of the company have concluded that no material uncertainty exists that may cast significant doubt about the ability of MCH group to continue as going concern for at least 12 months from the approval of these financial statements.

Marshall Land Systems Limited

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2021

RESEARCH AND DEVELOPMENT

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

EMPLOYEE PARTICIPATION

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

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

EQUAL OPPORTUNITIES

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

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

CHARITABLE DONATIONS

The company made no charitable donations during the year (2020: £nil).

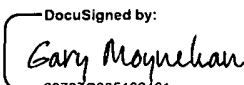
POST BALANCE SHEET NOTE

On the 27th May 2022, the Company sought and was granted forgiveness from its liability to repay £9m of intercompany funding from its ultimate parent, Marshall of Cambridge (Holdings) Limited.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by the board of directors on 28 September 2022, and signed on its behalf.

DocuSigned by:

69737C085102461...
G.J.S Moynihan
Director

Marshall Land Systems Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Marshall Land Systems Limited for the year ended 31 December 2021 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

Other Companies Act 2006 reporting *(continued)*

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Our approach was as follows:

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

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

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

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

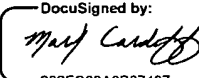
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Mark Cardiff (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory Auditor
London, UK
28 September 2022

Marshall Land Systems Limited

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
TURNOVER	2	38,077,446	41,422,039
Cost of sales		(36,284,696)	(33,358,802)
GROSS PROFIT		<u>1,792,750</u>	<u>8,063,237</u>
Administrative expenses		(7,978,362)	(5,757,665)
Other operating income	5	99,951	83,232
OPERATING (LOSS) / PROFIT BEFORE SEPERATELY DISCLOSED ITEMS		<u>(6,085,661)</u>	<u>2,388,804</u>
Exceptional items	3	-	(155,389)
OPERATING (LOSS) / PROFIT	4	<u>(6,085,661)</u>	<u>2,233,415</u>
Interest payable and similar charges	8	(9,783)	(1,161)
Interest receivable and similar income	9	12,222	20,550
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(6,083,222)</u>	<u>2,252,804</u>
Tax on loss / profit on ordinary activities	10	1,189,242	(422,758)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		<u><u>(4,893,980)</u></u>	<u><u>1,830,046</u></u>

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

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

Marshall Land Systems Limited
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	(4,893,980)	1,830,046
Fair value gain / (loss) recognised on cash flow hedges (note 22)	4,182,824	(4,262,556)
Income tax relating to components of other comprehensive income (note 10b)	(794,737)	724,446
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)	<u>3,388,087</u>	<u>(3,538,110)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	<u>(1,505,892)</u>	<u>(1,708,064)</u>

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


Marshall Land Systems Limited

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	11	1,708,423	2,243,084
Investments	12	-	-
		1,708,423	2,243,084
 CURRENT ASSETS			
Stocks	13	13,075,362	8,159,989
Debtors	14	16,667,655	17,756,239
Cash at bank		309,243	565,228
		30,052,260	26,481,456
CREDITORS: Amounts falling due within one year	15	(20,903,210)	(17,157,751)
NET CURRENT ASSETS		9,149,050	9,323,705
TOTAL ASSETS LESS CURRENT LIABILITIES		10,857,474	11,566,789
PROVISION FOR LIABILITIES	17, 18	(1,171,118)	(374,540)
NET ASSETS		9,686,356	11,192,249
 CAPITAL AND RESERVES			
Called up share capital	21	12,000,000	12,000,000
Cash flow hedge reserve	22	3,395,760	7,673
Profit and loss account		(5,709,404)	(815,424)
SHAREHOLDER'S FUNDS		9,686,356	11,192,249

The Report and Financial Statements were approved by the directors and authorised for issue on 28 September 2022 and are signed on their behalf by:

DocuSigned by:

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G.J.S. Moynehan
 Director

Company Registration Number: 2661432

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

Marshall Land Systems Limited

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Share capital £	Cash flow hedge reserve (see note 20) £	Profit and loss account £	Total share- holder's funds £
Balance brought forward at 1 January 2020	12,000,000	3,545,783	(2,645,470)	8,949,371
Profit for the financial year	-	-	1,830,046	2,254,465
Other comprehensive expense, net of tax	-	(3,538,110)	-	1,696,477
Total comprehensive income for the year	-	(3,538,110)	1,830,046	3,950,942
Balance brought forward 1 January 2021	12,000,000	7,673	(815,424)	11,192,249
Loss for the financial year	-	-	(4,893,980)	(4,893,980)
Other comprehensive income, net of tax	-	3,388,087	-	3,388,087
Total comprehensive income / (loss) for the year	-	3,388,087	(4,893,980)	(1,505,892)
Balance carried forward 31 December 2021	12,000,000	3,395,760	(5,709,404)	9,686,356

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

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

(a) Statement of Compliance

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

The company's financial statements have been prepared in compliance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') as it applies to the financial statements of the company for the year ended 31 December 2021.

(b) Basis of Preparation

The financial statements of the company were authorised for issue on 28 September 2022 by the board of directors. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

(c) Going Concern

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

For the year ended 31 December 2021 the company generated a post-tax loss of £4,893,980 and at 31 December 2021 had net current assets of £9,149,051 and net assets of £9,686,356 and has received a letter of support from MCH.

The directors have considered whether the company is able to meet its liabilities as they fall due and is a going concern. In addition to considering the company's forecast cash flows for the foreseeable future, the directors have also made enquiries of the MCH directors, given its guarantee to and participation in group banking arrangements. MCH directors have prepared a formal group going concern assessment, including the impact of certain reasonably possible adverse scenarios, which concludes the group is forecast to be able to meet its liabilities as they fall due for the relevant going concern period.

The MCH directors' assessment includes c£202m cash receipt, received in May 2022, following MCH selling its interest in Marshall Motor Holdings plc.

On this basis, the directors of the company have concluded that no material uncertainty exists that may cast significant doubt about the ability of MCH group to continue as going concern for at least 12 months from the approval of these financial statements.

(d) 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.

(e) Research and Development

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

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (*continued*)

(f) Judgements and Key Sources of Estimation Uncertainty

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

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

Turnover

The Company's revenue recognition policy, which is set out in Note 1(i), requires forecasts to be made of the outcomes of long-term contracts. This requires estimates of labour hours and rates, material costs, and the level of risk on the programme to determine forecast costs to completion and therefore revenue recognition on each long-term contract. Where actual costs incurred differ to forecast costs, or where forecast cost estimates change, the assessment of the percentage of completion of long-term contracts will be affected and therefore revenue and profits or losses recognised impacted.

Estimates are reviewed regularly throughout the contract life and adjustments are made based on the latest available information.

For the year ended 31 December 2021, £23.1m of revenue (2020: £21.0m) was recognised relating to long-term contracts and amounts due from customers and provisions amounted to £8.3m and £0.8m respectively (2020: £4.5m & £0m) as set out and part of Notes 14 and 17. These balances cover multiple contracts and customers, some of which are expected to last until 2025. The Company has considered the nature of the estimates involved in deriving these balances and concluded that it is possible that outcomes within the next financial year may be different from the assumptions applied at 31 December 2021.

This could require a material adjustment to revenue and profits or losses recognised and the carrying amounts of the related assets and liabilities in the next financial year. For those contracts for which estimation of costs to complete are highest, an increase in labour or 10% would result in a reduction in profit before tax of £2.9m with a commensurate reduction in amounts due from customers or increase in provision

Warranty provisions

The company offers a warranty on certain products sold to customers. As such, it is necessary to consider the expected future costs that will be incurred in meeting this warranty obligation and the associated warranty provision required. When calculating the warranty provision, management considers the specific warranty terms offered to customers, as well as both historic rates of warranty claims and any specific known issues of which management is aware. See note 15 for details of the warranty provision.

Research and development expenditure credits

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

Stock Obsolescence

The company recognises stock obsolescence on reasonable estimates using calculations on given set formulas depicted on aging, current requirements and previous obsolescence classification.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies *(continued)*

(h) Tangible Fixed Assets

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

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

Land & buildings	20 years standard but accelerated to have a zero NBV by the end of 2023
Plant & machinery	3 - 8 years
Motor vehicles	3 years

Depreciation is provided when the assets are available for use.

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

(i) Turnover

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

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

i) Sale of goods

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

ii) Long-term contracts

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

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

iii) Rendering of services

Turnover from the provision of services is recognised as the contract activity progresses to reflect performance of the underlying contractual obligations.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies *(continued)*

(j) Investments

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

(k) Stocks And Work In Progress

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

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

(l) Operating Leases

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

(m) Foreign Currencies

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

(n) Derivative Financial Instruments

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

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

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

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

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies *(continued)*

(o) Pension Costs

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

(p) Provisions for Liabilities

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

(q) Taxation

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

(r) Deferred Taxation

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

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

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

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

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. Turnover

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

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

An analysis of turnover by geographical destination is given below:

	2021	2020
	£	£
United Kingdom	15,690,273	18,846,669
Europe	21,608,783	19,775,127
North America	720,529	1,369,036
Rest of World	57,862	1,431,207
	<u>38,077,446</u>	<u>41,422,039</u>

3. Exceptional items

	2021	2020
	£	£
Restructuring programme	-	155,389
	<u>-</u>	<u>155,389</u>

4. Operating Profit

Operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of owned tangible fixed assets (note 11)	716,611	412,795
(Profit) / loss on sale of tangible fixed assets	(4,000)	-
Operating lease costs:		
- Land and buildings	-	851,320
Foreign exchange losses	70,725	142,707
Corporate management charges	2,263,312	2,530,419
Research and development expenditure	-	269,518
Audit of the financial statements of the company	45,000	30,151
	<u>2,991,648</u>	<u>4,236,910</u>

5. Other Operating Income

	2021	2020
	£	£
Research and development expenditure credits	<u>99,951</u>	<u>83,232</u>

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

6. Staff Costs

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

	2021	2020
	No.	No.
Production	190	171
Administration and management	81	77
	271	248
	271	248

The aggregate payroll costs of the above were:

	2021	2020
	£	£
Wages and salaries	11,087,041	10,044,199
Social security costs	1,135,380	1,038,195
Pension costs (note 16)	1,259,438	1,093,029
	13,481,859	12,175,423
	13,481,859	12,175,423

7. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were :

	2021	2020
	£	£
Remuneration	23,193	0
Pension contributions to group defined contribution schemes	2,2441	0
	25,437	0
	25,437	0

Within the year, G. J. S. Moynehan became an employee of Marshall Land Systems Ltd. D.S. Wilkinson remains a director of Marshall of Cambridge Aerospace Limited, a fellow group undertaking whilst M.G. Banfield and R. D. Cutting were also employees of Marshall of Cambridge Aerospace Limited. The directors do not believe that it is practicable to apportion the total remuneration between their services as directors of the company and their services as directors or employees of fellow subsidiary undertakings. The total remuneration of G.J.S. Moynehan, D.S. Wilkinson, M.G. Banfield and R.D. Cutting is disclosed within the financial statements of Marshall of Cambridge Aerospace Limited. A management charge of £2,263,312 (2020: £2,530,419) has been made by Marshall of Cambridge Aerospace Limited, which includes a proportion of the directors' emoluments.

8. Interest Payable and Similar charges

	2021	2020
	£	£
Interest payable	9,783	1,161
	9,783	1,161
	9,783	1,161

9. Interest Receivable and Similar Income

	2021	2020
	£	£
Interest receivable from ultimate parent undertaking	12,222	20,550
	12,222	20,550
	12,222	20,550

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

10. Tax on Profit

(a) Analysis of charge in the year

	2021	2020
	£	£
Current tax:		
UK Taxation		
UK corporation tax based on the (loss) / profit for the year at 19.00% (2020: 19.00%)	-	-
Adjustment in respect of prior years	8,800	(12,795)
Group relief	(1,121,412)	454,841
Double tax relief	-	(9,093)
	(1,112,612)	432,953
Foreign tax		
Current tax on income for the year	7,628	(1,461)
Adjustment in respect of prior years	34	(6,614)
	(1,104,951)	424,878
Deferred tax:		
Origination and reversal of timing differences	(64,707)	(27,957)
Adjustment in respect of prior years	(19,584)	28,783
Effect of tax rate changes on opening liability	-	(2,946)
	(84,291)	(2,120)
Tax on (loss) / profit on ordinary activities	(1,189,242)	422,758

(b) Tax included in Other Comprehensive Income

	2021	2020
	£	£
Deferred tax		
Total tax charge / (credit) included in Other Comprehensive Income	794,737	(724,446)

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

10. Tax on Profit *(continued)*

(c) Factors affecting current tax credit

The UK standard rate of corporation tax is 19.00% (2020: 19.00%). The actual tax charge for the current and previous year varies from the standard rate for reasons set out in the following reconciliation:

	2021	2020
	£	£
(Loss) / profit on ordinary activities before taxation	(6,083,222)	2,252,804
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax of 19.00% (2019: 19%)	(1,155,812)	428,033
Expenses not deductible for tax purposes	(19,179)	13,101
Income not taxable	(9,500)	(14,250)
Impact of higher overseas tax rate / tax on overseas earnings	-	(2,946)
Adjustment in respect of prior years	(10,750)	9,374
Effect of tax rate changes	(1,629)	-
Higher taxes on overseas earnings	7,628	(10,554)
Total tax (credit) / charge (note 10(a))	(1,189,242)	422,758

(d) Factors that may affect future tax charges

The standard rate of tax applied to reported loss on ordinary activities is 19%. The Finance Act 2021 increased the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

During the year beginning 1 January 2022, the net reversal of deferred tax assets and liabilities will decrease the corporation tax charge for the year by £80,614.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

11. Tangible Fixed Assets

	Land & Buildings £	Plant & Machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2021	1,230,492	6,984,316	86,644	8,301,452
Additions	16,155	165,796	-	181,951
Disposals	-	-	(22,775)	(22,775)
At 31 December 2021	<u>1,246,647</u>	<u>7,150,112</u>	<u>63,869</u>	<u>8,460,627</u>
Depreciation				
At 1 January 2021	374,983	5,596,741	86,644	6,058,368
Charge for the year	290,554	426,056	-	716,611
Disposals	-	-	(22,775)	(22,775)
At 31 December 2021	<u>665,538</u>	<u>6,022,797</u>	<u>63,869</u>	<u>6,752,204</u>
Net Book Value				
At 31 December 2021	<u>581,109</u>	<u>1,127,314</u>	<u>-</u>	<u>1,708,423</u>
At 31 December 2020	<u>8,55,508</u>	<u>1,387,575</u>	<u>-</u>	<u>2,243,083</u>

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

12. Investments

	Shares in group company £
Cost	
At 1 January 2021 and at 31 December 2021	325,000
Amounts provided	
At 1 January 2021 and at 31 December 2021	325,000
Net book value	
At 31 December 2021 and at 31 December 2020	-

At 31 December 2021 the company owns 100% of the issued ordinary share capital of the following company:

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

Marshall Specialist Vehicles Limited is a non-trading company. During the year ended 31 December 2021 the subsidiary made a £nil profit (2020: £nil) and held capital and reserves at 31 December 2021 of £nil (2020: £nil).

13. Stocks

	2021 £	2020 £
Raw materials	8,761,048	5,922,665
Work in progress	4,314,315	2,237,324
	13,075,362	8,159,989

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

Stocks recognised as an expense in the year were £11,321,067 (2020: £14,290,741).

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

14. Debtors

	2021	2020
	£	£
Trade debtors	1,637,792	5,935,483
Amounts owed by group undertakings	1,554,177	5,383,557
Amounts recoverable on long term contracts	8,336,910	4,539,371
Other debtors	451,307	704,394
Prepayments and accrued income	412,583	1,068,764
Deferred tax	-	54,147
Corporation tax receivable	82,589	61,051
Derivative financial instruments	4,192,296	9,472
	16,667,655	17,756,239
	16,667,655	17,756,239

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

15. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Payments received on account	6,472,144	3,601,846
Trade creditors	3,982,311	3,639,198
Amounts owed to group undertakings	6,936,323	3,545,468
Other tax and social security costs	509,632	828,174
Overdraft	-	296,076
Other creditors	1,768,721	2,862,396
Corporation tax payable	7,628	-
Accruals and deferred income	570,153	2,384,593
Deferred tax	656,299	-
	20,903,210	17,157,751
	20,903,210	17,157,751

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

16. Pensions

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

The scheme which has elements of both defined benefit and defined contribution is known as the Marshall Group Executive Pension Plan (the "Plan"). The level of defined benefit pension contribution is determined with the advice of independent qualified actuaries. It is not possible to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The company is therefore accounting for the contributions to the scheme as if it were a defined contribution scheme. The total pension cost for the company in respect of this scheme was £nil (2020: £nil). As at 31 December 2021, the scheme is in surplus as calculated in accordance with FRS102 section 28, although as required by FRS102 this surplus has not been recognised. The deficit on the scheme recognised in the Group financial statements as at 31 December 2020 amounted to £4,807,023.

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

16. Pensions (*continued*)

The total pension cost for the year for the company in respect of the defined contribution scheme was £1,259,438 (2020: £1,093,029). The total unpaid pension contributions outstanding at the year end, and included in other creditors, amounted to £136,555 (2020: £109,972).

17. Provision For Liabilities

	Warranty provision £	Other provision £	Total £
Balance brought forward	374,359	-	374,359
Charge in the year	214,737	909,064	1,123,801
Amounts utilised in the year	(100,822)	-	(100,822)
Amounts reversed in the year	(226,221)	-	(226,221)
Other comprehensive income charge for the year	-	-	0
	<hr/>	<hr/>	<hr/>
Balance carried forward	262,053	909,064	1,171,118
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A provision of £214,737 had been recognised for expected warranty claims on products sold during the last financial year. £226,221 has been reversed during the year against provision brought forward. £100,822 has been utilised in year and it is expected that the remainder of this expenditure will be incurred in the next financial year. Other provisions include £714,800 of project loss provisions for long term contracts expecting to be utilised by 2025.

18. Deferred Tax (Liability) / Asset

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

	2021 £	2020 £
Excess of depreciation over taxation allowances	90,087	21,839
Deferred tax on cash flow hedge reserve	(796,536)	(1,800)
Other short term timing differences	50,152	34,108
	<hr/>	<hr/>
	(656,298)	54,148
	<hr/> <hr/>	<hr/> <hr/>

19. Commitments Under Operating Leases

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

	2021 Land and buildings £	2020 Land and buildings £
Within 1 year	-	425,118
	<hr/>	<hr/>
	-	425,118
	<hr/> <hr/>	<hr/> <hr/>

Marshall Land Systems Limited

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

20. Related Party Transactions

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

21. Share Capital

Allotted, called up and fully paid:

	2021	2020
	£	£
12,000,000 Ordinary shares of £1 each	12,000,000	12,000,000
	12,000,000	12,000,000

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

22. Cash Flow Hedge Reserve

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

23. Guarantees and other financial commitments

The company has given various guarantees to its bankers, which at the year-end amounted to £888,282 (2020: £888,282).

The Company has access to the parent company's £75,000,000 banking facility which is secured by cross guarantees between certain members of the parent company's group. The Company is one of these members. At the 31 December 2021 £50,384,000 was outstanding (2020 - £24,726,000).

24. Ultimate Parent Company and Controlling Party

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

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

25. Post Balance Sheet Note

On the 27th May 2022, the Company sought and was granted forgiveness from its liability to repay £9m of intercompany funding from its ultimate parent, Marshall of Cambridge (Holdings) Limited.