Marshall

A company driven by purpose.

Interim Report & Accounts 2021

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Headlines

for the six months ended 30th June 2021

- Statutory revenue of £1.50bn (2020 - £1.05bn).
- Statutory profit before tax of £59.6m (2020 – restated loss of £21.0m).
- Underlying profit before tax of £40.5m (2020 – restated loss of £15.5m – see note 4).
- Dividend payments maintained throughout the pandemic.
- An interim dividend in respect of 2021, at 1p per Ordinary share and 3p per Non-Voting Priority Ordinary share (NVPO), will be paid on 10th December 2021.
- Appointment of Kathy Jenkins as Chief Executive Officer.
- Military Aerospace completes delivery of the first US Marine Corps C-130 aircraft.
- Discussions continue with key stakeholders following the Integrated Review announcement that the out-of-service date of the UK's fleet of C-130's would be brought forward to 2023.
- Military Aerospace honoured with a Queen's Award for Enterprise for International Trade.
- Land Systems announces plans to open a dedicated production facility in New Brunswick, Canada in 2022.
- Land North of Cherry Hinton sold to Bellway Homes for £34.5m, with cash consideration to be paid over a four-year period.
- Joint venture with Hill Developments agreed for Phase 2 of the Marleigh development, with £12.5m received for 50% of land value.
- Marshall Fleet Solutions announces plans for a new flagship service centre in the Midlands.
- Marshall Motor Holdings plc (MMH) announces record interim profits following a period of unprecedented used vehicle value appreciation.

Chairman's Introduction

On 8th April, I was delighted to announce that Kathy Jenkins has been appointed as Group Chief Executive. Kathy is the first non-family Group Chief Executive in the Group's long history and will lead the development and implementation of the Group's strategy into the future.

Kathy has a well-deserved and formidable reputation for delivery. She also has substantial relevant experience, built up in a global career which has included many of the biggest names in industry. We look to the future with a growing national and international customer base, exciting plans for investment in new state-of-the-art facilities and the development of Cambridge East. Kathy's experience, working with her executive team, will be central to delivering on the ambitious plans we have for the Group. To avoid any conflict of interest, Kathy has resigned her post as a non-executive director of Marshall Motor Holdings plc (MMH), which continues to be managed by its independent plc board.

Philip Yea has decided not to continue as director beyond the next AGM and will, therefore, be standing down from his position on the Board and as chair of the Audit and Risk Committee at that time. I would like to thank Phil for his support and contribution over the last five years.

Justin Read will join the Board as an independent non-executive director on 1st October and will chair the Audit and Risk Committee. Justin has broad and relevant experience for this role and we look forward to working with him in the future.

We were all deeply shocked and saddened to hear of the death of Richard Parry-Jones CBE, who had been chairman of MMH since January 2019. Richard was a towering figure in the automotive sector, respected around the world for his extraordinary engineering and leadership skills. Our thoughts are with his family, to whom we have sent our deepest condolences and best wishes.

Our trading results for the first half of 2021 are mixed. MMH has enjoyed very buoyant conditions especially in the used car market to produce some astounding results, although its board remains cautious about results for the remainder of year. The Core Group, excluding MMH, is experiencing tougher market conditions as hangar operations and bid activity are affected by COVID-19.

We are delighted that, with the support of our bankers, we have been able to maintain dividend payments throughout 2020 and 2021 in-line with those paid pre-pandemic. Although our trading environment remains very challenging, the Board will be paying a 2021 interim dividend of 1p per share for both Ordinary and NVPO shares along with the priority dividend of 2p on the NVPO shares on 10th December 2021.

I am also encouraged by the feedback from our shareholders, that our efforts to enhance our engagement with them is being welcomed and recognised. I look forward to as many of you as possible joining us either in-person, or digitally, for our Business Presentations and Annual General Meeting on 15th September 2021.

Alex Dorrian CBE
Chairman
23rd August 2021

Chief Executive Officer's Statement

It is an honour to be asked to lead such an iconic company and I am excited to be taking on this role at a time when the Board and our shareholders have ambitious plans for the future. We have incredible opportunities, plus a strong team who are committed to the changes we need to make to secure the long-term future of the Group.

Work is well under way to ensure our strategy, purpose and values are aligned with these ambitious plans. This project creates the foundation for our future and I look forward to engaging with shareholders in the second half of the year as we progress this.

In order to bring more clarity, focus and pace to our operations, we have already made the decision to remove the Marshall Aerospace and Defence Group as the intermediate holding company for the Military Aerospace, Land Systems, Aerostructures and Composites business units and to constitute a new Marshall Executive Team to drive the performance and development of the company.

Programmes to improve operational effectiveness have continued through this change. These include the implementation of the globally recognised IFS ERP and Workday resource management systems as well as the modernisation and simplification of terms and conditions for our employees.

The Marleigh development is progressing quickly, bringing the relocation of our businesses on the North Works in Cambridge into sharper focus. Along with the longer-term intention to relocate the Military Aerospace business, we have been reviewing the location of our other businesses taking into account our strategy and performance, as well as new working practices developed during the pandemic. As a result of this work, we have come to the conclusion that we do not necessarily need to move all our defence businesses to one location. Whilst we know there may be some benefit in co-location, the requirements and strategic directions of the businesses are sufficiently different that it now makes sense for us to look seriously at options for a standalone new home for Land Systems.

In many ways, managing the impact of the COVID-19 pandemic on the business has been even more challenging in the first half of 2021 than it was in 2020. An exhaustive testing regime has been in place for those working on-site which has provided safe working assurance to our staff and maintained critical operations. However, self-isolation, working within bubbles and managing absence has had an impact on short-term financial performance. Similarly, the impact on customers and the inability to travel, has meant that some programmes have been delayed, or cancelled, resulting in lower bid activity.

The outcome of the Integrated Review, announced in March, was disappointing but not unexpected. We have been preparing for this by working hard to secure new international customers but this does not yet close the gap. As such, it remains too soon to confirm the impact this decision will have on our operations, although we are seeing the loss of some maintenance and modification work, which will affect full year results for 2021. We are, however, encouraged by the active level of engagement we have with the customer to identify options that create long term value as well as maintain skills and capabilities.

We are grateful to our people, customers and partners for their continued support and their resilience in the face of the circumstances that face us. Together, and alongside the legacy of those before us, we make the Marshall brand what it is. Over the coming months we will conclude our strategic review and communicate its implications for what we are and what we do, focussing as ever on our customers and stakeholders who already hold us in high regard.

Thank you for your support.

Kathy Jenkins
Chief Executive Officer
23rd August 2021

Operating Review

Aerospace and Defence

Despite the disruption to hangar and manufacturing operations caused by the pandemic and the implementation of our new IFS systems, profits of £3.2m from our Aerospace and Defence businesses are ahead of those reported at this time last year (2020 – loss £0.1m). The impact of some operational inefficiency has been offset by overhead cost savings delivered through a restructuring programme completed in the final months of 2020.

Within Military Aerospace, activity in the maintenance and repair operations (MRO) remains robust, although some inputs have been more challenging than usual, resulting in slightly reduced margins. Revenues increased 8.7% to £93.2m from £85.8m in 2020, through higher volumes with international customers, which represented an increased 47% of revenue (2020 – 44%). The first US Marine Corps aircraft was returned to the customer in July, with further inputs expected to arrive in Cambridge before the year end. MRO activity for the UK's fleet of C-130 activity was in-line with planned expectations, although some reduced modification activity is expected for the second half of 2021. The second centre wing replacement has been completed with the third in progress. Following the Integrated Review's announcement of the accelerated out-of-service date for the UK's fleet, we are trying to assess what impact this will have over the next couple of years.

Our complex engineering project, Global 6000 aircraft integration, continues to experience delays caused directly by COVID-19 and indirectly through the supply chain. Final customer acceptance of both aircraft is expected in the next few months, resulting in the completion of the production contract. Discussions have commenced with the customer relating to the long-term maintenance of the aircraft whilst in service.

Within Land Systems, volumes in the DVOW programme have increased through 2021, with gross margins being maintained at expected levels. The business is also benefiting from reduced overheads from its continuous improvement programmes. These benefits have, however, been offset by some operational inefficiency and delays in other major programmes, such as Gasket and DALO. The Canadian government has announced its latest Defence Investment Plan, indicating that it intends to require several new programmes which are of significant interest to us over the next five years. With fifteen years' experience operating in Canada, the Land Systems business continues to invest in the country, announcing plans to open a dedicated production facility in New Brunswick in 2022.

Annual volumes of P8 fuel tanks being manufactured for Boeing are now lower than in previous years as the platform becomes more mature, resulting in reduced revenues and overall profitability, although margin per unit remains fairly constant. Further orders have been placed by the customer, taking the order book out to 2024.

Our Composites business has been affected by reduced bid activity in the market, meaning that the order book is not building as quickly as anticipated. Profitability, whilst subdued, continues to be in-line with Board expectations.

As part of our strategic review of core operations, the Aeropeople business was sold for net asset value of £0.6m in April, with consideration deferred for a short period. The transaction removes any exposure the Group has to the civil aerospace market.

Property

The first completions on the Marleigh development were achieved in November 2020, with ten completions in place by the year end. With extensions to the help-to-buy scheme and stamp duty tax incentives implemented by government, reservations and completions have continued at an encouraging pace throughout the first half of the year with a further 28 completions achieved. At 30th June, 19 units had exchanged and an additional 15 reservations were held. The Group's share of the joint venture developer margin was £1.3m (2020 - £nil). Recognition of the Group's share of the profit from the original land transfer is deferred until units are sold. The Group has, therefore, also recognised £1.3m (2020 - £nil) of deferred land profit in the period. As Phase 1a nears completion, the next phase was launched in the sales and marketing suite on 17th July.

The 65 acres of land to the south of the airport, known as the Land North of Cherry Hinton, was sold to Bellway Homes in March for £34.5m, realising a profit on disposal of £21.9m. The profit recognised is stated after a provision for land remediation. £8.0m of the consideration was received on completion, with the remainder deferred, to be paid in four equal annual instalments of £6.6m.

Also in March, the joint venture agreement with Hill Developments for Phase 2 of the Marleigh development was finalised. The final land parcel was slightly larger than that originally transferred into the joint venture in 2018, resulting in the recognition of £1.1m of profit on transfer. As with Phase 1, 50% of the profit has been deferred until built units are sold. The land was valued at £25.0m, with the Group receiving £12.5m of cash on completion of the agreement. The partners submitted a detailed planning application for 421 units in May 2021 and are forecasting the commencement of construction early in 2022.

Work continues on the North Works to prepare the ground for Phase 3 of Marleigh, with the demolition of the former Number Two Machine Shop.

The Cambridge Airport site has been put forward as a potential new development for Cambridge known as Cambridge East. Cambridge City Council and South Cambridgeshire District Council are working together to create the Greater Cambridge Local Plan that will oversee the growth of Cambridge for the period 2030 to 2050. That process continues to be subject to consultation and deliberation, with further announcements on whether the Cambridge East development has been included in the Local Plan expected later in 2021.

Operating Review (continued)

Ventures

Marshall Motor Holdings plc (MMH) published its interim results on 10th August 2021, reporting record profits for the period. The result was underpinned by a market which benefited from positive tailwinds since April, including unprecedented used vehicle value appreciation and favourable supply-to-demand conditions for both new and used vehicles.

This result is after the commitment to repay all government support received through the CJRS and non-essential retail sector grants received in the period for this financial year.

There remains a high level of uncertainty over the second half of 2021 and into 2022 given well documented vehicle supply issues, an expected realignment of used vehicle values, the timing of which is uncertain, and the continuing impact of the COVID-19 pandemic. Full details of MMH's interim results can be found on its website at www.mmhplc.com/investors/results-centre.

Marshall Fleet Solutions (MFS) has continued to operate throughout lockdowns, supporting the logistical infrastructure for the food and pharmaceutical industries. Sales of new refrigeration units have been affected by the global semi-conductor supply issue, which is expected to worsen in the short-term. Whilst the hospitality sector continues to remain depressed, increases in home delivery services have more than offset any impact on margins. Revenues of £27.1m were significantly ahead of the more pandemic affected period last year (2020 - £19.7m), whilst the net result continues to improve with seasonal losses reduced to £0.1m (2020 - £0.2m) in a business which is traditionally busier in the lead up to Christmas.

Fleet Solutions continues to focus on the changing needs of its customers, launching a number of initiatives to enable customers to meet their aspirations to reduce carbon emissions in their logistical operations. A new-build flagship service centre located in the Midlands at Tamworth is due for completion in January 2022. Situated close to the M42, the 26,000ft^2 facility is purpose-built to meet the needs of our customers and our own growth plans.

The **Martlet Capital** business is in the process of being sold. The transfer of investments to the new venture requires approval by the shareholders of each investee entity, so will take some months to complete. As such, there remains some doubt over the scope and therefore final value of the overall transaction. 80% of the proceeds of the sale of each investment will be received on completion of the individual transfer, with 20% deferred, to be paid in eight quarterly instalments commencing in the first quarter of 2022. No fair value gains or impairment provisions have been recognised in the first half of 2021.

Financials

Group revenue for the period was £1.50bn (2020 - £1.05bn), with a statutory profit before tax for the period of £59.6m (2020 restated - loss of £21.0m). After adjusting for separately disclosed exceptional items, as highlighted in note 4, the underlying profit was £40.5m for the first six months of 2021, compared with a restated loss of £15.5m for the same period in 2020. The segmental analysis of revenue and profit before tax is shown in note 3.

The prior year numbers have been restated as set out in note 31 of the Annual Report for 2020. The impact on the position as at 30 June 2020 is highlighted in note 12 of this report.

The Group ended the half year with consolidated net cash of £23.5m (December 2020 closing net cash was £12.9m). The split between the Core Group and MMH is shown in note 10. The first instalments for the sale of the Land North of Cherry Hinton and LLP2 were received in the period, however overall we saw an increase in borrowings in the Core Group since the year end. This has been driven by a reduction in the value of customer advanced payments, which is a natural feature depending on the stage of completion and the delay to a number of Military Aerospace inputs for which the receipts arrived in the second half. MMH benefited from a significant reduction in stock levels.

Risk and Uncertainties

The Group's performance over the remaining six months of the financial year may be impacted materially by several potential risks and uncertainties which could influence the actual results. These include: the impact of further global, national, or local lockdowns, changes in the general economic environment, budgetary pressures on UK and overseas military customers which might lead to a reduction in orders, the yet unknown impact of the Integrated Review and any significant delay and/or cost escalation in our most complex engineering project.

The Directors do not consider that the underlying principal risks and uncertainties have materially changed since the publication of the 2020 Annual Report.

Kathy Jenkins
Chief Executive Officer
23rd August 2021

Sean Cummins
Chief Financial Officer
23rd August 2021

Consolidated Income Statement

for the six months ended 30th June 2021

	Notes	**2021 (unaudited) £'000**	Restated 2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Total Group revenue		**1,503,671**	1,048,327	2,490,630
Less: share of revenue in the year in joint ventures		**(7,553)**	-	(2,516)
STATUTORY REVENUE	3	**1,496,118**	1,048,327	2,488,114
Cost of sales		**(1,298,976)**	(891,530)	(2,166,951)
GROSS PROFIT		**197,142**	156,797	321,163
Net operating expenses		**(159,226)**	(191,411)	(315,951)
Profit on sale of land and buildings		**23,296**	-	8,873
Other income	5	**824**	17,180	23,190
GROUP OPERATING PROFIT / (LOSS)	6	**62,036**	(17,434)	37,275
Share of profit in the year in joint ventures		**1,349**	-	428
Net finance charges	7	**(3,738)**	(3,553)	(7,243)
PROFIT / (LOSS) BEFORE TAXATION	3	**59,647**	(20,987)	30,460
Analysed as:				
Underlying profit / (loss) before tax		**40,548**	(15,461)	39,064
Separately disclosed exceptional items	4	**19,099**	(5,526)	(8,604)
Tax (charge) / credit on profit / (loss)		**(18,578)**	84	(8,469)
PROFIT / (LOSS) AFTER TAXATION		**41,069**	(20,903)	21,991
Attributable to:				
Owners of the parent		**32,684**	(15,698)	18,472
Non-controlling interest	9	**8,385**	(5,205)	3,519
		41,069	(20,903)	21,991
BASIC AND DILUTED EARNINGS / (LOSS) PER ORDINARY SHARE		**54.7 p**	(26.6)p	30.0p
UNDERLYING EARNINGS / (LOSS) PER ORDINARY SHARE		**34.8 p**	(14.3)p	41.3p

Consolidated Statement of Comprehensive Income

for the six months ended 30th June 2021

	Notes	2021 (unaudited) £'000	Restated 2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Profit / (loss) after taxation		**41,069**	(20,903)	21,991
Exchange differences on re-translation of subsidiary undertakings		**-**	-	(71)
Fair value loss on cash flow hedges		**-**	(10,797)	(2,442)
Taxation on cash flow hedges		**-**	1,959	371
Actuarial loss on defined benefit pension scheme	11	**-**	-	(2,801)
Deferred tax relating to defined benefit pension scheme		**-**	-	592
Total other comprehensive expense		**-**	**(8,838)**	**(4,351)**
Total comprehensive income / (expense)		**41,069**	(29,741)	17,640
Total comprehensive income / (expense) attributable to:				
Owners of the parent		**32,684**	(24,536)	14,121
Non-controlling interest		**8,385**	(5,205)	3,519
		41,069	(29,741)	17,640

Consolidated Balance Sheet

At 30th June 2021

	Notes	2021 (unaudited) £'000	Restated 2020 (unaudited) £'000	31st December 2020 (audited) £'000
FIXED ASSETS				
Intangible assets		**78,637**	92,635	94,051
Tangible assets		**277,095**	267,257	271,089
Investments		**9,902**	9,125	12,070
TOTAL FIXED ASSETS		**365,634**	369,017	377,210
CURRENT ASSETS				
Stocks		**339,230**	428,916	384,936
Debtors - Amounts falling due within one year		**251,729**	234,940	162,267
- Amounts falling due after more than one year		**20,743**	30,959	20,446
Cash at bank and in hand	10	**69,728**	40,332	43,920
		681,430	735,147	611,569
CREDITORS: amounts falling due within one year				
Bank loans and overdrafts	10	**(42,147)**	(9,953)	(26,620)
Other creditors		**(634,735)**	(799,599)	(612,307)
		(676,882)	(809,552)	(638,927)
NET CURRENT ASSETS / (LIABILITIES)		**4,548**	(74,405)	(27,358)
TOTAL ASSETS LESS CURRENT ASSETS / (LIABILITIES)		**370,182**	294,612	349,852
CREDITORS: amounts falling due after more than one year				
Bank loans and overdrafts	10	**(4,062)**	(4,703)	(4,383)
Other creditors		**(6,450)**	(25,649)	(24,930)
		(10,512)	(30,352)	(29,313)
PROVISION FOR LIABILITIES		**(30,216)**	(20,511)	(31,162)
NET ASSETS BEFORE PENSION LIABILITY		**329,454**	243,749	289,377
PENSION LIABILITY	11	**(4,582)**	(2,934)	(4,633)
NET ASSETS		**324,872**	**240,815**	**284,744**
CAPITAL AND RESERVES				
Called up share capital		**15,785**	15,785	15,785
Share premium account		**611**	611	611
Capital redemption reserve		**130**	130	130
Cashflow hedge reserve		**1,770**	3,841	1,770
Profit and loss account		**229,901**	160,736	197,812
SHAREHOLDERS' FUNDS		**248,197**	181,103	216,108
Non-controlling interests	9	**76,675**	59,712	68,636
TOTAL CAPITAL EMPLOYED		**324,872**	**240,815**	**284,744**

Consolidated Statement of Changes in Equity

For the six months ended 30th June 2021

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Sub Total £'000	Non-controlling interest £'000	Total £'000
Balance at 31st December 2020		15,785	611	130	1,770	197,812	216,108	68,636	284,744
Total comprehensive income for the period		-	-	-	-	32,684	32,684	8,385	41,069
Equity dividends paid	8	-	-	-	-	(372)	(372)	-	(372)
Share based payments charge	9	-	-	-	-	354	354	195	549
Acquisition of own shares / exercise of share options		-	-	-	-	(577)	(577)	(541)	(1,118)
Balance at 30th June 2021		**15,785**	**611**	**130**	**1,770**	**229,901**	**248,197**	**76,675**	**324,872**

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Sub Total £'000	Non-controlling interest £'000	Total £'000
Balance at 31st December 2019		15,785	611	130	3,841	185,272	205,639	64,917	270,556
Total comprehensive expense for the period - restated		-	-	-	-	(24,536)	(24,536)	(5,205)	(29,741)
Balance at 30th June 2020		**15,785**	**611**	**130**	**3,841**	**160,736**	**181,103**	**59,712**	**240,815**

Consolidated Statement of Cash Flows

for the six months ended 30th June 2021

	Notes	**2021 (unaudited) £'000**	2020 (unaudited) £'000	Full Year 2020 (audited) £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES		**44,049**	65,975	76,619
INVESTING ACTIVITIES				
Interest received		**-**	264	134
Payments to acquire intangible assets		**(1,808)**	(3,724)	(6,795)
Payments to acquire tangible assets and investments		**(13,869)**	(10,890)	(33,176)
Receipts from sales of fixed assets and investments		**13,221**	2,916	15,761
Acquisition of businesses		**(10,652)**	-	(2,958)
Net cash outflow from investing activities		**(13,108)**	(11,434)	(27,034)
FINANCING ACTIVITIES				
Bank and stock finance interest paid		**(3,268)**	(3,922)	(7,578)
Dividends paid to preference shareholders	8	**(372)**	-	(744)
Equity dividends paid	8	**-**	-	(3,269)
Proceeds from borrowings		**-**	43,461	80,979
Repayment of borrowings		**(321)**	(65,321)	(86,492)
Purchase of own shares		**(535)**	-	-
Settlement of exercised share awards		**(637)**	-	-
Net cash outflow from financing activities		**(5,133)**	(25,782)	(17,104)
INCREASE IN CASH AT BANK AND IN HAND		**25,808**	28,759	32,481
CASH BALANCE AT START OF PERIOD		**43,920**	11,573	11,573
Effect of exchange rates on cash and cash resources		**-**	-	(134)
Increase in cash and cash equivalents		**25,808**	28,759	32,481
CASH BALANCE AT CLOSE OF PERIOD		**69,728**	40,332	43,920

Notes to the Interim Report and Accounts

1) Accounting Policies
The Group has applied the same accounting policies and methods of computation in its Interim Report and Accounts as in its 2020 Annual Report and Accounts.

(a) Basis of preparation
These unaudited statements have been prepared in compliance with applicable UK accounting standards.

(b) Going concern
The Directors have adopted the going concern basis in preparing the financial statements. In forming this opinion, the Board has made significant judgements about the forecast cash requirements of the business given the uncertainty of the duration and impact of the COVID-19 pandemic and the outcome of the Integrated Review. Having assessed a combination of scenarios the directors have a reasonable expectation the Group will continue in operational existence for at least the next 12 months from the date of approval of the Interim Report and Accounts.

2) Significant Events and Transactions
The significant events and transactions which have occurred since 31st December 2020 and relate to the Group's Interim Report and Accounts for the six months ended 30th June 2021 are summarised as follows:

(a) Government grants
The Core Group repaid 2020 receipts from the Coronavirus Job Retention Scheme (CJRS) amounting to £0.7m. The Core Group has not utilised the CJRS in 2021. MMH has committed to voluntarily repay all CJRS and non-essential retail sector grants received in 2021 of c.£4.0m.

(b) Acquisitions
On 24th May 2021, MMH acquired the trade and assets of two Jaguar Land Rover dealerships in Cheltenham and Gloucester. On 30th June 2021, MMH acquired the trade and assets of a Nissan dealership in Leicester. These acquisitions, by extending representation with existing brands in strategically important territories, are part of MMH's stated strategy to grow further scale with existing brand partners in new geographic territories.

The results of these dealerships were consolidated into the Group's results from the relevant date of acquisition. For the period from acquisition to 30th June 2021, the revenues and the loss before tax generated by these dealerships were immaterial in the context of the Group's revenues and profit before tax.

(c) Property transactions
In March, the land known as the Land North of Cherry Hinton was sold to Bellway Homes for £34.5m, realising a profit on disposal of £21.9m. The profit recognised is inclusive of a provision for land remediation. £8.0m of the consideration was received on completion, with the remainder deferred, to be paid in four equal, annual instalments of £6.6m.

Also in March, the joint venture agreement with Hill Developments was finalised for Phase 2 of the Marleigh development. The final land parcel was slightly larger than that originally transferred into the joint venture in 2018, resulting in the recognition of £1.1m of profit on transfer. As with Phase 1, 50% of the profit has been deferred until built units are sold. The land was valued at £25.0m, with the Group receiving £12.5m of cash on completion of the agreement.

(d) Change in corporation tax rate
During the period, the UK Government substantively enacted the planned increase in the standard rate of corporation tax from 19% to 25% in April 2023.

The opening deferred tax balances were remeasured at the new rate, resulting in a deferred tax charge to the Consolidated Income Statement of £6.2m.

Notes to the Interim Report and Accounts (Continued)

3) Revenue and Profit / (Loss) Before Tax Analysis

Revenue

	2021 (unaudited) £'000	2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Aerospace and defence	**134,289**	132,851	286,635
Property	**3,423**	3,266	8,078
Ventures			
Motor retail	**1,334,145**	895,332	2,154,415
Fleet Solutions	**27,068**	19,680	45,694
Internal sales	**(2,807)**	(2,802)	(6,708)
Total	**1,496,118**	1,048,327	2,488,114

Profit/(loss) before tax

	2021 (unaudited) £'000	Restated 2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Aerospace and defence	**3,189**	(82)	13,979
Property	**26,692**	1,801	10,763
Ventures			
Motor retail	**35,580**	(13,310)	14,887
Fleet Solutions	**(147)**	(241)	57
Martlet	**(49)**	-	1,011
Unallocated central costs	**(5,618)**	(9,155)	(10,237)
Total	**59,647**	(20,987)	30,460

4) Separately Disclosed Exceptional Items

	2021 (unaudited) £'000	Restated 2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Underlying profit / (loss) before tax	**40,548**	**(15,461)**	**39,064**
Amortisation of intangible assets:			
Goodwill and franchise agreements	**(3,125)**	(3,275)	(6,504)
Restructuring costs	**(204)**	(533)	(7,731)
Profit on transfer of land to joint venture entities	**1,104**	-	-
Exovent ventilator development costs	**-**	-	(801)
Items directly attributed to the COVID-19 pandemic	**(868)**	(3,281)	(1,564)
Profit on disposal of tangible assets	**22,192**	1,563	7,996
Separately disclosed exceptional items	**19,099**	(5,526)	(8,604)
Profit / (loss) before tax	**59,647**	**(20,987)**	**30,460**

5) Other Income

	2021 (unaudited) £'000	2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Coronavirus Job Retention Scheme grant (repaid) / received	**(731)**	16,893	21,097
Research and development expenditure tax credit	**-**	-	1,069
Rent received	**242**	237	473
Deferred land profit	**1,263**	-	451
Trademark licence income	**50**	50	100
Other income	**824**	17,180	23,190

6) Operating Profit / (Loss)

	2021 (unaudited) £'000	Restated 2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Operating profit / (loss) is after charging / (crediting):			
Depreciation of tangible assets	**9,042**	9,366	18,511
Amortisation of goodwill and intangible assets	**4,292**	3,511	7,415
Profit on disposal of property	**(23,014)**	(1,536)	(8,725)
Profit on disposal of investment property	**(282)**	-	(148)
Profit on disposal of other tangible fixed assets	**-**	-	(16)
Gain on revaluation of investment properties	**-**	-	(104)
Gain on revaluation of investments	**-**	-	(1,988)
Amounts provided against investments	**-**	272	425

7) Net Finance Charges

	2021 (unaudited) £'000	2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Bank interest receivable	**-**	(264)	(134)
Interest receivable from joint ventures	**(295)**	(56)	(118)
Unwind of discounting	**(582)**	(628)	(1,260)
Bank loans and overdrafts - interest and charges	**848**	727	2,093
Interest payable to joint ventures	**198**	279	526
Stock financing charges and other interest	**2,420**	3,195	5,485
Interest on defined benefit scheme liabilities	**300**	300	47
Present value adjustment - deferred receivable on land sale	**849**	-	604
Net finance charges	**3,738**	3,553	7,243

Notes to the Interim Report and Accounts (Continued)

8) Dividends

	2021 (unaudited) £'000	2020 (unaudited) £'000	Full Year 2020 (audited) £'000
Dividends on Ordinary shares			
In respect of 2020 - Interim of 1.00p per share	-	-	138
In respect of 2020 - Interim of 3.00p per share	-	-	415
	-	-	553
Dividends on NVPO shares			
In respect of 2020 - Interim of 3.00p per share	-	-	1,358
In respect of 2020 - Interim of 3.00p per share	-	-	1,358
	-	-	2,716
Dividends on preference shares			
A preference shares (2020 - 8.00p)	192	-	384
B preference shares (2020 - 10.00p)	180	-	360
	372	-	744
Aggregate dividends declared and paid	**372**	-	4,013

No final dividend has been declared in respect of 2020. An interim dividend in respect of 2020 of 3.00p per Ordinary share and 3.00p per NVPO share, amounting to £1,773,000 was paid on 10th July 2021.

9) Non-controlling Interest

	2021 (unaudited) £'000	Restated 2020 (unaudited) £'000	Full Year 2020 (audited) £'000
At 1st January	**68,636**	64,917	64,917
Non-controlling interests profit / (loss) after taxation	**8,385**	(5,205)	3,519
Share based payment charge	**195**	-	200
Acquisition of own shares / exercise of share options	**(541)**	-	-
At end of period	**76,675**	59,712	68,636
Group's interest in net assets of Marshall Motor Holdings plc	**64.41%**	64.41%	64.41%

10) Net Cash Reconciliation

	2021 (unaudited) £'000	2020 (unaudited) £'000	31st December 2020 (audited) £'000
Cash at bank and in hand	**69,728**	40,332	43,920
Bank loans and overdrafts due in less than one year	**(42,147)**	(9,953)	(26,620)
Bank loans and overdrafts due in more than one year	**(4,062)**	(4,703)	(4,383)
Net cash at end of period	**23,519**	25,676	12,917
Split as follows:			
Core Group	**(33,722)**	(1,691)	(15,903)
Motor Holdings	**57,241**	27,367	28,820
Net cash at end of period	**23,519**	25,676	12,917

11) Pensions

The valuation of the defined benefit section of the Marshall Group Executive Pension Plan under FRS102 has been based on the actuarial valuation, performed by Buck Consultants, as at 31st December 2020.

12) Prior Year Adjustments

The changes to the prior period detailed in note 31 of the 2020 Annual Report and Accounts have been applied to the comparative period.

(LOSS) / PROFIT AFTER TAXATION

	£000
As previously stated at 30 June 2020	(19,465)
Adjustment to intangible fixed asset amortisation	(1,775)
Corresponding adjustment to deferred tax	337
As restated at 30 June 2020	**(20,903)**

TOTAL CAPITAL EMPLOYED

	£000
As previously stated at 30 June 2020	252,670
Adjustment to intangible fixed asset amortisation	(13,699)
Corresponding adjustment to deferred tax	2,364
Change in interest in MMH	(520)
As restated at 30 June 2020	**240,815**


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Marshall

Marshall of Cambridge (Holdings) Ltd, The Airport, Cambridge CB5 8RY England
+44 (0)1223 373737 www.marshallgroup.co.uk