

Company Registration No. 00572373 (England and Wales)

**MARLA TUBE FITTINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**



# MARLA TUBE FITTINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr S J Preedy Mr L C Barnes
<b>Secretary</b>	Mr L C Barnes
<b>Company number</b>	00572373
<b>Registered office</b>	Kinwarton Farm Road Arden Forest Industrial Estate Alcester Warwickshire B49 6EN
<b>Auditor</b>	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY
<b>Business address</b>	Kinwarton Farm Road Arden Forest Industrial Estate Alcester Warwickshire B49 6EN
<b>Bankers</b>	Barclays Bank Plc PO Box 3333 One Snow Hill Snow Hill Queenway Birmingham B3 2WN
<b>Solicitors</b>	Wragge Lawrence Graham & Co 55 Colmore Row Birmingham B3 2AS

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# MARLA TUBE FITTINGS LIMITED

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# MARLA TUBE FITTINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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The directors present the strategic report for the year ended 31 October 2019.

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

During the year turnover has reduced from £45m to £36m, a reduction of 20%. The reduction is attributable to fluctuations in the level of activity in international petrochemical projects which are predominantly driven by oil prices.

At the same time, due to general price and currency fluctuations gross margin has increased from 18.7% to 24.0%.

Overall, the company has achieved an operating profit of £2.1m compared to £1.8m in the previous year.

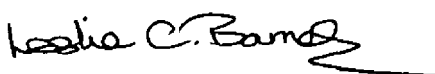
In the 2020 financial year, the level of turnover and profitability have been affected by Covid 19 but the company has continued to trade profitably.

The directors believe that the company's strong liquidity will enable it to take advantage of trading opportunities as the market improves and as the company continues to look for growth opportunities, both organic and by acquisition of suitable target companies. The policy of maintaining strong liquidity has also enabled the company to participate in a number of global contracts with major multinationals, which has resulted in significant export sales, which would not otherwise have been achieved. It has also enabled the company to continue its policy of continual investment in fixed assets and stock ranges.

The management of the business and the execution of the company's strategy are subject to a number of key risks. The key business risks and uncertainties affecting the company are considered to relate to the strong competition within the field, resulting in pressure on margins. Risks are reviewed by the directors and appropriate processes are put in place to monitor and mitigate them.

Given the straightforward nature of the business, the directors are of the opinion that analysis using other KPI's is not necessary for an understanding of the development, performance or position of the business. The company's activities are closely monitored by the directors with the assistance of monthly internal management accounts and supporting reports.

On behalf of the board



Mr L C Barnes

Director

31 July 2020

# MARLA TUBE FITTINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 OCTOBER 2019

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The directors present their annual report and financial statements for the year ended 31 October 2019.

#### Principal activities

The principal activity of the company continued to be that of manufacturing, processing and factoring tube fittings.

#### Directors

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

Mr S J Preedy

Mr D J Marsh

Mr L C Barnes

(Resigned 31 March 2020)

#### Results and dividends

The results for the year are set out on page 6.

During the year dividends have been paid amounting to £5,000,000 (2018 £0).

#### Auditor

In accordance with the company's articles, a resolution proposing that Shaw Gibbs Limited be reappointed as auditor of the company will be put at a General Meeting.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

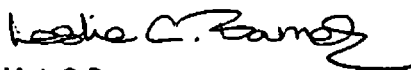
# MARLA TUBE FITTINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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On behalf of the board



Mr L C Barnes  
Director

31 July 2020

# MARLA TUBE FITTINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MARLA TUBE FITTINGS LIMITED

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#### Opinion

We have audited the financial statements of Marla Tube Fittings Limited (the 'company') for the year ended 31 October 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

# MARLA TUBE FITTINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MARLA TUBE FITTINGS LIMITED

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### Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



Mr Stephen Howard Neal (Senior Statutory Auditor)  
for and on behalf of Shaw Gibbs Limited

Chartered Certified Accountants  
Statutory Auditor

5 August 2020

264 Banbury Road  
Oxford  
OX2 7DY

# MARLA TUBE FITTINGS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2019

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	Notes	2019 £	2018 £
Turnover	3	36,054,082	44,983,099
Cost of sales		(27,396,488)	(36,577,084)
<b>Gross profit</b>		<b>8,657,594</b>	<b>8,406,015</b>
Administrative expenses		(6,594,746)	(6,566,360)
<b>Operating profit</b>	4	<b>2,062,848</b>	<b>1,839,655</b>
Interest receivable and similar income	7	103,334	59,526
Interest payable and similar expenses	8	(5,551)	(8,534)
Amounts written back on investments	9	22,402	33,602
<b>Profit before taxation</b>		<b>2,183,033</b>	<b>1,924,249</b>
Tax on profit	10	(406,226)	(382,418)
<b>Profit for the financial year</b>		<b>1,776,807</b>	<b>1,541,831</b>

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# MARLA TUBE FITTINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2019

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	2019 £	2018 £
Profit for the year	1,776,807	1,541,831
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,776,807</u>	<u>1,541,831</u>

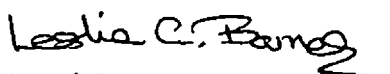
# MARLA TUBE FITTINGS LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		5,265,574		5,363,046
Investments	13		1,869		1,869
			<u>5,267,443</u>		<u>5,364,915</u>
<b>Current assets</b>					
Stocks	15	17,555,272		12,029,329	
Debtors	16	20,145,507		23,732,217	
Cash at bank and in hand		13,341,996		16,487,379	
		<u>51,042,775</u>		<u>52,248,925</u>	
<b>Creditors: amounts falling due within one year</b>	17	(5,489,594)		(3,587,372)	
<b>Net current assets</b>			<u>45,553,181</u>		<u>48,661,553</u>
<b>Total assets less current liabilities</b>			50,820,624		54,026,468
<b>Provisions for liabilities</b>	18		(17,349)		-
<b>Net assets</b>			<u>50,803,275</u>		<u>54,026,468</u>
<b>Capital and reserves</b>					
Called up share capital	21		108,918		108,918
Share premium account			288,070		288,070
Capital redemption reserve			4,682		4,682
Profit and loss reserves			50,401,605		53,624,798
<b>Total equity</b>			<u>50,803,275</u>		<u>54,026,468</u>

The financial statements were approved by the board of directors and authorised for issue on 31 July 2020 and are signed on its behalf by:



Mr L C Barnes  
Director

Company Registration No. 00572373

# MARLA TUBE FITTINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

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	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
<b>Balance at 1 November 2017</b>	108,918	288,070	4,682	52,082,967	52,484,637
<b>Year ended 31 October 2018:</b>					
Profit and total comprehensive income for the year	-	-	-	1,541,831	1,541,831
<b>Balance at 31 October 2018</b>	108,918	288,070	4,682	53,624,798	54,026,468
<b>Year ended 31 October 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	1,776,807	1,776,807
Dividends	11	-	-	(5,000,000)	(5,000,000)
<b>Balance at 31 October 2019</b>	108,918	288,070	4,682	50,401,605	50,803,275

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# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

#### Company information

Marla Tube Fittings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kinwarton Farm Road, Arden Forest Industrial Estate, Alcester, Warwickshire, B49 6EN.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

*The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.*

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of MTF Holding Limited. These consolidated financial statements are available from its registered office, 4 Castlecourt 2, Castlegate Way, Dudley, West Midlands DY1 4RH.

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Sales are recognised on dispatch.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2019

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#### 1 Accounting policies

(Continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% straight line
Land and buildings Leasehold	straight line over the term of the lease
Plant and machinery	15% reducing balance/25-33 1/3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2019

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#### 1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2019

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred taxation is provided on income and expenditure dealt with for taxation purposes in periods different from those for accounts purposes to the extent that the reduction in the tax charge cannot be expected with reasonable probability to continue for the foreseeable future. The provision is computed under the liability method and is stated at the rate of corporation tax expected to apply when the tax becomes payable.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

(Continued)

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Stock

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

#### Bad debt provision

A bad debt provision is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered.

#### Useful economic lives of non-current assets

The useful economic lives of non-current assets have been derived from the judgement of the Directors, using their best estimate of write-down period.

### 3 Turnover and other revenue

	2019	2018
	£	£
<b>Other significant revenue</b>		
Interest income	103,334	59,526
	<u>          </u>	<u>          </u>

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2019

#### 3 Turnover and other revenue

(Continued)

No further analysis of turnover is provided as the directors believe that this may be prejudicial to the best interests of the company.

All turnover relates to the sale of goods.

#### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(93,358)	(21,698)
Fees payable to the company's auditor for the audit of the company's financial statements	48,000	47,000
Depreciation of owned tangible fixed assets	286,516	297,292
Loss/(profit) on disposal of tangible fixed assets	2,582	(1,500)
Operating lease charges	211,530	214,500
	<u>211,530</u>	<u>214,500</u>

#### 5 Employees

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

	2019	2018
	Number	Number
Sales	27	27
Administration	29	28
Works	24	24
Total	<u>80</u>	<u>79</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	3,538,319	3,370,637
Social security costs	399,174	391,910
Pension costs	45,767	27,684
	<u>3,983,260</u>	<u>3,790,231</u>

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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<b>6</b>	<b>Directors' remuneration</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	224,762	258,455
	Compensation for loss of office	-	585,140
		<u>224,762</u>	<u>843,595</u>
		<u><u>224,762</u></u>	<u><u>843,595</u></u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	191,068	188,613
		<u>191,068</u>	<u>188,613</u>
<b>7</b>	<b>Interest receivable and similar income</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	103,334	59,526
		<u>103,334</u>	<u>59,526</u>
<b>8</b>	<b>Interest payable and similar expenses</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Interest on bank overdrafts and loans	5,551	8,534
		<u>5,551</u>	<u>8,534</u>
<b>9</b>	<b>Amounts written back on investments</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Other gains and losses	22,402	33,602
		<u>22,402</u>	<u>33,602</u>
<b>10</b>	<b>Taxation</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	388,877	382,418
		<u>388,877</u>	<u>382,418</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	17,349	-
		<u>17,349</u>	<u>-</u>
	Total tax charge	<u>406,226</u>	<u>382,418</u>
		<u><u>406,226</u></u>	<u><u>382,418</u></u>

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# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 10 Taxation

(Continued)

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

	2019 £	2018 £
Profit before taxation	2,183,033	1,924,249
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	414,776	365,607
Tax effect of expenses that are not deductible in determining taxable profit	40,794	34,613
Change in unrecognised deferred tax assets	(10,302)	(29,720)
Adjustments in respect of prior years	-	(14,298)
Group relief	(65,257)	-
Depreciation on assets not qualifying for capital allowances	26,215	26,216
Taxation charge for the year	406,226	382,418

### 11 Dividends

	2019 £	2018 £
Final paid	5,000,000	-

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 12 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 November 2018	6,235,397	542,691	2,324,436	9,102,524
Additions	-	-	191,626	191,626
Disposals	-	-	(4,083)	(4,083)
At 31 October 2019	6,235,397	542,691	2,511,979	9,290,067
<b>Depreciation and impairment</b>				
At 1 November 2018	1,679,556	264,766	1,795,156	3,739,478
Depreciation charged in the year	123,017	14,959	148,540	286,516
Eliminated in respect of disposals	-	-	(1,501)	(1,501)
At 31 October 2019	1,802,573	279,725	1,942,195	4,024,493
<b>Carrying amount</b>				
At 31 October 2019	4,432,824	262,966	569,784	5,265,574
At 31 October 2018	4,555,841	277,925	529,280	5,363,046

Freehold land and buildings includes £381,581 (2018 £381,581) in respect of land and buildings on which no depreciation is provided.

### 13 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	1,869	1,869

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 November 2018 & 31 October 2019	1,869
<b>Carrying amount</b>	
At 31 October 2019	1,869
At 31 October 2018	1,869

### 14 Subsidiaries

Details of the company's subsidiaries at 31 October 2019 are as follows:

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 14 Subsidiaries (Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Heavywall Fittings Limited	England & Wales	Dormant	Ordinary	100.00
Marla (Alcester) Limited	England & Wales	Dormant	Ordinary	100.00
Pressure Fittings Limited	England & Wales	Dormant	Ordinary	100.00
Redditch Fittings and Flanges Limited	England & Wales	Dormant	Ordinary	100.00

### 15 Stocks

	2019 £	2018 £
Raw materials and consumables	17,555,272	12,029,329

### 16 Debtors

Amounts falling due within one year:	2019 £	2018 £
Trade debtors	7,392,065	6,092,083
Corporation tax recoverable	31,550	-
Amounts owed by group undertakings	12,040,509	17,048,784
Other debtors	180,647	317,466
Prepayments and accrued income	500,736	273,884
	<u>20,145,507</u>	<u>23,732,217</u>

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

	2019 £	2018 £
Trade creditors	3,046,253	3,200,606
Amounts owed to group undertakings	1,921,996	-
Corporation tax	-	18,302
Other taxation and social security	166,624	158,085
Other creditors	28,003	28,003
Accruals and deferred income	326,718	182,376
	<u>5,489,594</u>	<u>3,587,372</u>

### 18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	17,349	-

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2019

#### 19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	17,349	-
	<u>17,349</u>	<u>-</u>
<b>Movements in the year:</b>		2019 £
Liability at 1 November 2018		-
Charge to profit or loss		17,349
		<u>17,349</u>
Liability at 31 October 2019		<u>17,349</u>

#### 20 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	45,767	27,684
	<u>45,767</u>	<u>27,684</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 21 Share capital

	2019 £	2018 £
<b>Ordinary share capital issued and fully paid</b>		
108,918 Ordinary shares of £1 each	108,918	108,918
	<u>108,918</u>	<u>108,918</u>

# MARLA TUBE FITTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	222,891	214,500
Between two and five years	531,564	540,000
	<u>754,455</u>	<u>754,500</u>

### 23 Related party transactions

#### Transactions with related parties

During the year, the company paid consultancy fees of £58,204 (2018 £63,014) to CK, a firm of Chartered Accountants, a business in which L C Barnes (a director of the company) is a partner.

Related party transactions with other group companies have not been disclosed as per FRS102 Section 33.1A.

No guarantees have been given or received.

### 24 Ultimate controlling party

The ultimate parent company is MTF Holding Limited, a company registered in England and Wales. Group financial statements are available from the company's registered office.

The ultimate controlling party is S J Preedy a director of the company.