

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

LENHAM STORAGE
(SOUTHERN) LIMITED

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LENHAM STORAGE (SOUTHERN) LIMITED

COMPANY INFORMATION

Directors	R. F. Tolhurst G. Bournier K. N. Abrehart A. M. Burgess S. L. Phibbs
Company secretary	A. M. Burgess
Registered number	00874230
Registered office	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP

LENHAM STORAGE (SOUTHERN) LIMITED

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LENHAM STORAGE (SOUTHERN) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

Lenham Storage (Southern) Limited hereby present the Strategic Report covering the results for the financial year ending 31 August 2021.

Principal activities and business review

The principal activities of the company during the year were those of warehousing and haulage services.

The company has enjoyed a successful year's trading and the results for the year and the financial position of the company are as shown in the annexed statements.

The year has still been dominated by covid, but the business has continued to trade through the pandemic as the company's business model is to deliver food and paperware products to supermarkets, 3pls and 4pls. The business continues to monitor the effect of covid on the business by reviewing cash flow and operational performance. The latter half of the year has been dominated by the pressures on labour rates, not only for drivers but also for experienced warehouse operatives and significant cost increases in securing subcontractors. We anticipate this will continue through 2021-22. The UK haulage industry will still face challenges relating to the availability of labour in 2021-22 and the company hopes to mitigate the effect by utilising its own driver training scheme and this has proved successful in offering opportunities to existing employees to train as an HGV driver. 2021-22 will also see an overhaul on the vehicle fleet with number of old vehicles replaced by newer vehicles.

The company continued to spend a significant sum in order to maintain the safety of staff not only within the warehouse but throughout the business. From the beginning of the covid crisis in March 2020 the company established a covid committee that meets weekly and coordinates the company's response to the pandemic and implements changes and authorises spend when necessary. This committee continues.

Principal risks and uncertainties

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The company finances its operations through a combination of retained earnings and hire purchase contracts. Exposure to interest rate fluctuations is controlled by entering into fixed rate agreements.

Credit risk

The company's principal financial assets are trade debtors. In order to manage credit risk on these debtors the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The directors monitor the cash levels of the company to ensure that there are always cash funds available to meet the day to day working capital requirements of the company. Short term flexibility is achieved through the company's banking arrangements.

The company finances much of its investment in tangible fixed assets through hire purchase contracts.

LENHAM STORAGE (SOUTHERN) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Financial key performance indicators

The Board utilise a number of key performance indicators to monitor and manage the business, foremost amongst these are the measurement of turnover, margins and cash flows. These measures indicate the levels of operation achieved, its profitability and the efficiency with which those profits have been turned into cash.

Turnover increased marginally by 9.57% (2020 = 0.03%) while cost of sales decreased by 1.12% (2020 = -1.35%) in comparison. Certain provisions included last year have been carried over in 2021 particularly those in relation to groundwork as a result of to the unavailability of raw materials to complete the work. Gross profits for the year increased by 56.6% (2020 = +5.4%) and the company is happy to report a profit before tax for the year of £1.2m. This excellent result has been achieved by a combination of increase in client rates increase but more significantly through cost of sales savings, that began in the second half of the last financial year and continued on through 2020-21. The company has no loans or other external financing arrangements.

Though the marketplace remains extremely competitive, the company is confident that the practical steps adopted to reduce costs and maximise profits will leave the business well placed to meet the inevitable challenges ahead.

This report was approved by the board and signed on its behalf.

A. M. Burgess
Company secretary

Date: 23 May 2022

LENHAM STORAGE (SOUTHERN) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report and the financial statements for the year ended 31 August 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £988,472 (2020 -£283,864).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

R. F. Tolhurst
G. Bournier
K. N. Abrehart
A. M. Burgess
S. L. Phibbs

LENHAM STORAGE (SOUTHERN) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

A. M. Burgess
Company secretary

Date: 23 May 2022

Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENHAM STORAGE (SOUTHERN) LIMITED

Opinion

We have audited the financial statements of Lenham Storage (Southern) Limited (the 'Company') for the year ended 31 August 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 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 August 2021 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Annual Report, other than the financial statements and our Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENHAM STORAGE
(SOUTHERN) LIMITED (CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

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

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 or 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENHAM STORAGE (SOUTHERN) LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

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 Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant, including:
 - The Companies Act 2006;
 - Financial Reporting Standard 102;
 - UK employment legislation;
 - UK health and safety legislation; and
 - General Data Protection Regulations;

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- We understood how the Company is complying with those legal and regulatory frameworks by, making enquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgements made by management in its significant accounting estimates; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - The application of inappropriate judgements or estimation to manipulate the Company's financial position;
 - Posting of unusual journals and complex transactions;
 - The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in its best interests.

Because of the inherent limitations of audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENHAM STORAGE
(SOUTHERN) LIMITED (CONTINUED)**

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

Andrew Hookway FCA (Senior statutory auditor)
for and on behalf of

Menzies LLP

Chartered Accountants & Statutory Auditor
Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

23 May 2022

LENHAM STORAGE (SOUTHERN) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Turnover	4	10,889,461	9,938,561
Cost of sales		(8,008,544)	(8,099,489)
Gross profit		2,880,917	1,839,072
Administrative expenses		(2,016,575)	(1,794,458)
Other operating income	5	355,300	325,854
Operating profit	6	1,219,642	370,468
Interest receivable and similar income		27	-
Interest payable and similar expenses	9	(15,964)	(21,108)
Profit before tax		1,203,705	349,360
Tax on profit	10	(215,233)	(65,496)
Profit for the year		988,472	283,864
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		275,000	-
Other comprehensive income for the year		275,000	-
Total comprehensive income for the year		1,263,472	283,864

The notes on pages 14 to 25 form part of these financial statements.

LENHAM STORAGE (SOUTHERN) LIMITED

REGISTERED NUMBER:00874230

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	2,895,549	2,644,750
		2,895,549	2,644,750
Current assets			
Stocks		54,209	48,387
Debtors: amounts falling due within one year	12	4,961,890	3,124,799
Cash at bank and in hand		138,145	131,986
		5,154,244	3,305,172
Creditors: amounts falling due within one year	13	(2,440,396)	(1,465,379)
Net current assets		2,713,848	1,839,793
Total assets less current liabilities		5,609,397	4,484,543
Provisions for liabilities			
Other provisions	15	-	(138,618)
		-	(138,618)
Net assets		5,609,397	4,345,925
Capital and reserves			
Called up share capital	16	100	100
Revaluation reserve	17	2,392,576	2,117,576
Profit and loss account	17	3,216,721	2,228,249
		5,609,397	4,345,925

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

K. N. Abrehart
Director

Date: 23 May 2022

A. M. Burgess
Director

Date: 23 May 2022

The notes on pages 14 to 25 form part of these financial statements.

LENHAM STORAGE (SOUTHERN) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2019	100	2,117,576	1,944,385	4,062,061
Comprehensive income for the year				
Profit for the year	-	-	283,864	283,864
Total comprehensive income for the year	-	-	283,864	283,864
At 1 September 2020	100	2,117,576	2,228,249	4,345,925
Comprehensive income for the year				
Profit for the year	-	-	988,472	988,472
Surplus on revaluation of freehold property	-	275,000	-	275,000
Total comprehensive income for the year	-	275,000	988,472	1,263,472
At 31 August 2021	100	2,392,576	3,216,721	5,609,397

The notes on pages 14 to 25 form part of these financial statements.

LENHAM STORAGE (SOUTHERN) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	988,472	283,864
Adjustments for:		
Depreciation of tangible assets	30,886	31,481
Loss on disposal of tangible assets	(600)	-
Interest paid	15,964	21,108
Interest received	(27)	-
Taxation charge	98,377	(44,763)
(Increase)/decrease in stocks	(5,822)	36,217
(Increase) in debtors	(559,181)	(404,965)
(Increase)/decrease in amounts owed by related undertakings	(1,256,150)	323,485
Increase in creditors	571,689	212,961
Increase/(decrease) in amounts owed to related undertakings	260,188	(411,022)
Increase in provisions	-	138,618
Corporation tax (paid)	(115,615)	(90,864)
Net cash generated from operating activities	28,181	96,120
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,685)	(50,600)
Sale of tangible fixed assets	600	-
Interest received	27	-
Net cash from investing activities	(6,058)	(50,600)
Cash flows from financing activities		
Interest paid	(15,964)	(21,108)
Net cash used in financing activities	(15,964)	(21,108)
Net increase in cash and cash equivalents	6,159	24,412
Cash and cash equivalents at beginning of year	131,986	107,574
Cash and cash equivalents at the end of year	138,145	131,986
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	138,145	131,986
	138,145	131,986

The notes on pages 14 to 25 form part of these financial statements.

LENHAM STORAGE (SOUTHERN) LIMITED

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 AUGUST 2021

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	131,986	6,159	138,145
	<u>131,986</u>	<u>6,159</u>	<u>138,145</u>

The notes on pages 14 to 25 form part of these financial statements.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

Lenham Storage (Southern) Limited is a private company limited by shares incorporated in England and Wales. The company's registered number and the address of the registered office is disclosed on the company information page. The principal place of business is Fyfield Road, Andover, SP11 8DL.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Coronavirus pandemic has continued to cause significant financial uncertainty globally and at this stage, it is not possible to reliably forecast what the long term impact of this may be.

The Company has remained operational throughout the UK's national lockdowns, as they represent part of a key supply chain to large supermarkets. As a result, the trading performance has significantly increased by 9.57% compared with the previous years results. The Company has a healthy cash reserve and significant assets which will support existing trading activities for a sustained period of time.

Despite the uncertainties that exist, based on the Company's financial position and their ability to continue in operation, it is the directors' opinion that the going concern basis of preparation of the financial statements continues to be appropriate.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue derived from haulage, storage and handling facilities to retail customers is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Rental income is derived from the Company's investment property portfolio. Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and reducing balance method.

Depreciation is provided on the following basis:

Plant and Machinery	-	20%	on cost
Motor vehicles	-	30%	on reducing balance
Fixtures and fittings	-	10%	on cost
Computer equipment	-	25%	on cost
Trailers	-	20%	on reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.6 Operating lease agreements

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 September 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.9 Financial instruments (continued)

the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimate.

Due to the simplicity of the company's financial year end position, the Directors consider there to be no critical judgements, estimates and assumptions used in the preparation of these financial statements.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Transport and handling	10,889,461	9,938,561
	<u>10,889,461</u>	<u>9,938,561</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	10,889,461	9,938,561
	<u>10,889,461</u>	<u>9,938,561</u>

5. Other operating income

	2021 £	2020 £
Rent receivable	355,300	325,854
	<u>355,300</u>	<u>325,854</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Other operating lease rentals	<u>77,776</u>	<u>79,236</u>

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13,750</u>	<u>13,750</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	830	1,575
All other services	<u>4,742</u>	<u>6,405</u>
	<u>5,572</u>	<u>7,980</u>

8. Employees

	2021 £	2020 £
Wages and salaries	3,261,507	3,335,650
Social security costs	291,419	287,557
Cost of defined contribution scheme	<u>88,765</u>	<u>92,567</u>
	<u>3,641,691</u>	<u>3,715,774</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Warehousing and haulage staff	83	96
Administrative staff	18	19
Management staff	4	4
	<u>105</u>	<u>119</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	<u>15,964</u>	<u>21,108</u>
	<u>15,964</u>	<u>21,108</u>

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	236,993	93,855
	<u>236,993</u>	<u>93,855</u>
Total current tax	<u>236,993</u>	<u>93,855</u>
Deferred tax		
Origination and reversal of timing differences	(21,760)	(28,359)
Total deferred tax	<u>(21,760)</u>	<u>(28,359)</u>
Taxation on profit on ordinary activities	<u>215,233</u>	<u>65,496</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 -lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,203,705</u>	<u>349,360</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	228,704	66,378
Effects of:		
Fixed asset timing differences	1,544	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(6)	579
Remeasurement of deferred tax for changes in tax rates	(15,009)	(1,461)
Total tax charge for the year	<u>215,233</u>	<u>65,496</u>

Factors that may affect future tax charges

The corporation tax rate will increase to 25% from 1 April 2023.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2020	2,545,000	649,553	75,474	25,610	50,899	3,346,536
Additions	-	6,685	-	-	-	6,685
Disposals	-	(63,156)	-	-	-	(63,156)
Revaluations	275,000	-	-	-	-	275,000
At 31 August 2021	<u>2,820,000</u>	<u>593,082</u>	<u>75,474</u>	<u>25,610</u>	<u>50,899</u>	<u>3,565,065</u>
Depreciation						
At 1 September 2020	-	567,047	66,457	20,962	47,320	701,786
Charge for the year	-	26,467	2,704	673	1,042	30,886
Disposals	-	(63,156)	-	-	-	(63,156)
At 31 August 2021	-	<u>530,358</u>	<u>69,161</u>	<u>21,635</u>	<u>48,362</u>	<u>669,516</u>
Net book value						
At 31 August 2021	<u>2,820,000</u>	<u>62,724</u>	<u>6,313</u>	<u>3,975</u>	<u>2,537</u>	<u>2,895,549</u>
At 31 August 2020	<u>2,545,000</u>	<u>82,506</u>	<u>9,017</u>	<u>4,648</u>	<u>3,579</u>	<u>2,644,750</u>

The freehold land and buildings were valued at £2,820,000 on an open market basis on 31 August 2021 by the Lambert Smith Hampton Group.

There is a fixed charge over the freehold land and buildings in place as at the balance sheet date.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2021 £	2020 £
Cost	427,424	427,424
Accumulated depreciation	(92,944)	(88,717)
Net book value	<u>334,480</u>	<u>338,707</u>

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

12. Debtors

	2021 £	2020 £
Trade debtors	1,268,779	895,507
Amounts owed by related parties	1,971,872	715,722
Other debtors	1,400,241	1,183,859
Prepayments and accrued income	258,459	288,932
Deferred taxation	62,539	40,779
	<u>4,961,890</u>	<u>3,124,799</u>

13. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	856,727	555,512
Amounts owed to related parties	479,639	219,451
Corporation tax	236,995	93,855
Other taxation and social security	275,270	462,343
Other creditors	12,799	12,732
Accruals and deferred income	578,966	121,486
	<u>2,440,396</u>	<u>1,465,379</u>

A related party cross guarantee and debenture is in place between Lenham Garages Limited and Lenham Storage Company Limited.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

14. Deferred taxation

	2021 £	2020 £
At beginning of year	40,779	12,420
Charged to profit or loss	21,760	28,359
At end of year	62,539	40,779

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	62,539	40,779
	62,539	40,779

15. Provisions

	2020 £
Site groundworks	138,618
Utilised in year	(138,618)
At 31 August 2021	-

16. Share capital

	2021 £	2020 £
Shares classified as equity		
Allotted, called up and fully paid		
200 Ordinary shares of £0.50 each	100	100

The ordinary shares are classified as equity shares and entitle the shareholder to full voting rights. One share classifies as one vote and on a poll each member has one vote per share held. Ordinary shares rank equally for any dividends declared or distributions made on winding up. The shares are not redeemable.

LENHAM STORAGE (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

17. Reserves

- Revaluation reserve

This reserve records uplift in asset values above its costs, for assets held at revaluation.

- Profit and Loss account

This reserve records retained earnings and accumulated losses.

18. Contingencies

A contingent liability exists at the accounting date in respect of a fixed charge over the freehold land and buildings and unlimited cross guarantees given to the other companies with common majority shareholders which comprise the Lenham "Group" in order to secure their banking facilities.

19. Commitments under operating leases

At 31 August 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	122,661	99,856
Later than 1 year and not later than 5 years	149,471	158,105
	<u>272,132</u>	<u>257,961</u>

20. Related party transactions

During the year there were transactions with companies in which R. F. Tolhurst, a majority shareholder, and his sister D. J. Abrehart, have controlling interests, and for which R. F. Tolhurst is also a director. The companies involved are Lenham Storage Company Limited, Lenham Garages Limited, Freightflow International Limited and Lee Davey Caravans Limited. D. J. Abrehart is also a director of Lenham Storage Company Limited.

Total sales in the period to Lenham Storage Company Limited amounted to £2,753,050 (2020: £2,298,332). Total purchases in the period from Lenham Garages Limited and Lenham Storage Company Limited amounted to £29,130 (2020: £23,127) and £2,328,526 (2020: £2,159,164) respectively.

Included within amounts owed by related parties is £1,956,406 (2020: £715,722) due from Lenham Storage Company Limited.

Included within amounts owed to related parties is £472,162 (2020: £219,451) payable to Lenham Storage Company Limited and £7,477 (2020: £1,961) payable to Lenham Garages Limited.

All of the above transactions were undertaken on an arm's length basis.

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