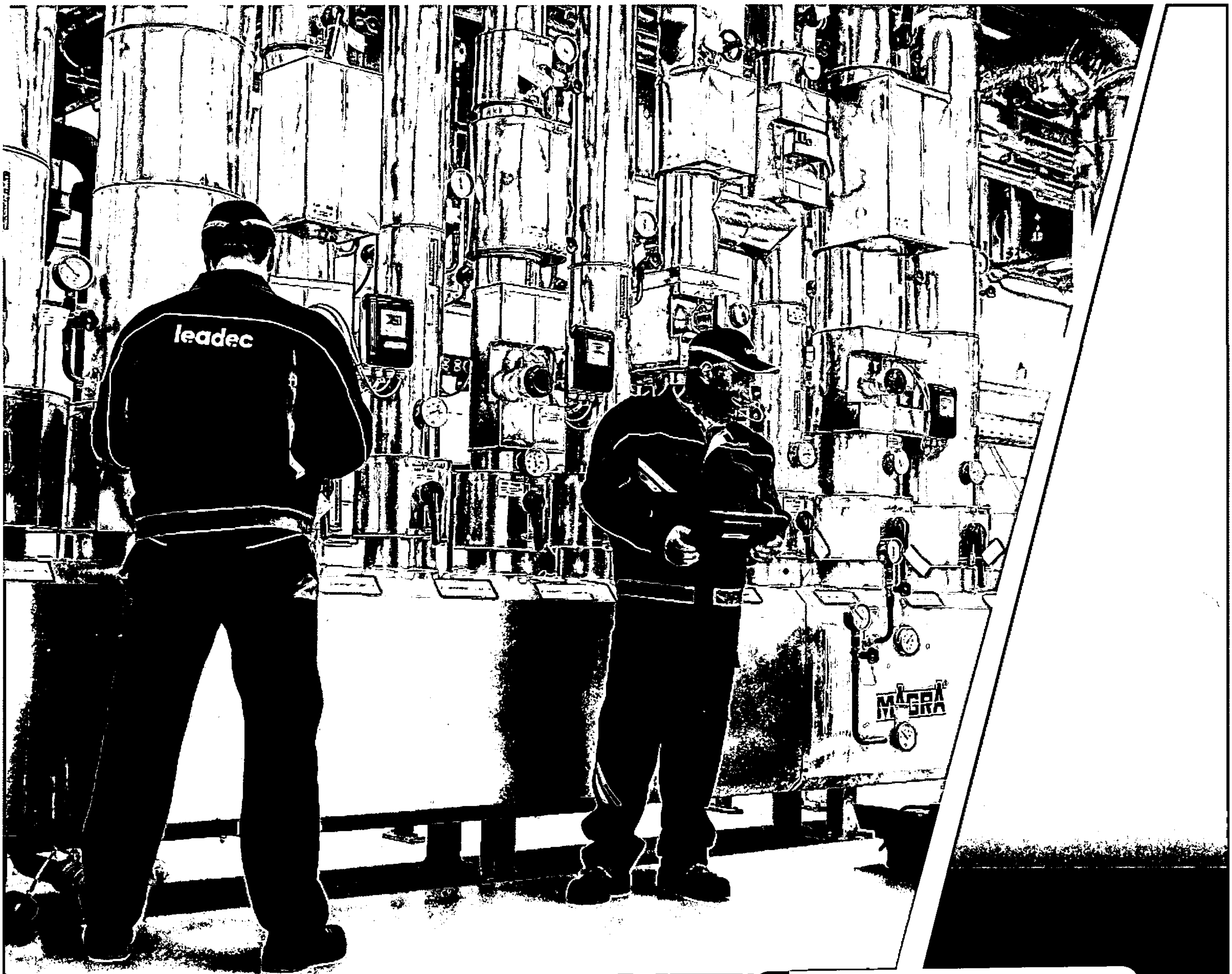
Leadec Limited

Annual report and financial statements

Registered number 03441005

For the year ended 31 December 2020



leadec

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Strategic Report

Principal Activity

Leadec Limited is part of the Leadec Group, one of the leading industrial service providers to manufacturing industries worldwide. Within the UK, the company operates at more than 50 sites across the country. The business operates its services within the following 4 clusters:

- Engineer (Production Planning, Production IT, Automation)
- Install (Mechanical installation, Electrical installation, Relocation)
- Maintain (Production Equipment Maintenance, Technical Cleaning)
- Support (Infrastructural Facility Management, Technical Facilities Management, Logistics).

Leadec Limited provides its services predominantly within the Maintain and Support service clusters across the automotive and wider manufacturing and transport sectors.

The Company is a subsidiary undertaking of Leadec Group SARL based in Luxemburg. The group's ultimate parent undertaking is Triton Investment Management Limited Registered in Jersey.

There have been no significant changes in the company's principal activities in the year under review

Business Review and Future Developments

Key Performance Indicators

In £000	2020	2019
Turnover	57,356	82,960
Operating (Loss) / Profit (excl. exceptional items)	(2,733)	2,633
Statutory Operating (Loss) / Profit	(4,395)	1,121
(Loss) / Profit before tax	(5,797)	204

The year ending 31 December 2020 was significantly impacted by the Covid-19 pandemic and, as a result, the Company was loss making for the year. Further details are provided in the next section of this report.

Impact of Covid-19

As a consequence of the World Health Organisation declaring Covid-19 as a pandemic on 11th March 2020, the Company, along with many others, has seen a significant impact to its trading performance.

Many of our customer sites are Automotive and the plant closures as a result of the UK national lock down imposed on 23rd March, translated into an immediate and significant drop in revenue for the business.

Our Automotive sites saw shutdowns of between 4 weeks and 6 months and all re-started in a "ramp up" mode rather than returning to the production levels in operation prior to the shutdown. Only our transport contracts and two other, remained fully operational throughout, albeit even these saw a reduction to normal service levels.

The second national lockdown, from 5th November to 2nd December 2020, did not have the same effect as in March, as manufacturing was not required to close. Consequently, as a result of our customers continued activity, the business continued operating with little interruption during this period.
In March, even prior to the first national lockdown, the business had already implemented, and continues to maintain a Covid-19 crisis committee, who meet regularly to ensure we continue to operate in line with the most up-to-date guidelines released to minimise disruption in our services for clients, while ensuring all possible steps

are taken to protect the health and safety of our staff. The health and safety of our workforce and customers has the highest priority and we are complying with, and exceeding, the recommendations issued by the UK Government and paying strict attention to the consistent execution of our cleaning standards both at our customer and own sites.

In 2020, Leadec Ltd received the Leadec Group's Health & Safety award for "Best Social Welfare Performance 2020" in recognition of:

- our quick response in implementing the Covid Committee,
- our work to support our employees in adapting to new ways of working during this period,
- our empathetic approach to dealing with employee concerns about returning to work,
- communications to employees who were furloughed, both on the impact to their roles and work activities, as well as the wider business impacts,
- and finally, several outstanding customer recommendations for our support in implementing new cleaning regimes to ensure their workplaces were safe for their employees.

The Company undertook a series of counter measures to mitigate the impact of the reduced revenue. Firstly, those actions that had direct and immediate effect e.g. lowering travel, training, hospitality as well as consulting fees. In addition, the business focused on cash management, while the impact to P&L performance was significant, the cash flow monitoring already in place meant that we were able to mitigate the need to draw down on additional funding, being able to maintain sufficient liquidity for the crisis year of 2020.

Secondly, a programme aimed at reducing personnel expenses was implemented, including utilising support such as the Government Coronavirus Job Retention Scheme across all areas to support our employees where customer sites were closed down, or there was a reduction in available work due to the impact of the lockdowns. We also participated in the UK Government VAT deferral scheme between March and June.

Furthermore, we have implemented a hiring freeze and the Board of Directors, Operational and Functional Managers and support staff waived part of their salaries in order to contribute to overcoming the crisis.

In addition, we took the decision to suspend the company bonus scheme for all employees. The business has also implemented a restructuring programme within the central team initially, a consequence of the impact of the pandemic, incurring c. £1m of costs in the short term. However, this will right size the business for growth in the future.

At the end of 2020, the Company also took the decision to relocate its support functions to one of its operational sites as a further cost reduction measure for 2021 onwards.

In light of the Covid-19 pandemic, we saw a delay or cancellation of almost all New Business opportunities sighted at the start of 2020 as customers also reacted to the impact of Covid-19 pandemic.

In 2020, the business was loss making as a result of the coronavirus crisis, as the cost reduction measures cannot fully compensate for the loss in revenue. This is predominantly caused by the periods from April to September.

The last quarter saw the business return to profit, as the customers return to a more normal level of operation and the restructuring processes were concluded. Performance even outperformed budget expectation (5.6% EBIT vs. 4.1%), albeit on a reduced revenue level.

Current Trading and Future Outlook

As we entered 2021, the UK entered its third national lockdown, and the majority of the central functions returned to working from home, while the continuation of manufacturing activities at our customers meant our operations continued as in November.

We continue to use the Coronavirus Job Retention Scheme to support those employees who are required to shield or have childcare issues as a result of the school closures, as well as where production schedules are impacted by absenteeism at customer sites, resulting in a diminished need for our services.

Almost all automotive manufacturers are struggling with the supply of semi-conductor chips caused by Covid-19, and this has the potential to result in a reduction in our revenues should this cause production stops at our customers. Our contract at Luton saw a shutdown of the night shift between January and June 2021, although only direct cost reductions were passed through to the customer. The increasing frequency of JLR site shutdowns during April to June 2021 reduced revenue in our wheel and tyre business and we implemented cost reduction projects that have so far kept the site breakeven in terms of profitability. Forward visibility of production schedules is limited due to uncertainty in parts supply. At the time of writing the Directors consider this uncertainty to continue until September 2021 and the Directors continue to monitor this dynamic situation and will respond as necessary.

The Directors remain focused on developing wider customer prospects for growth, looking across all manufacturing industries, as well as increasing the share of our revenue outside the service clusters; Support, building in Maintain, and into Engineer & Install. The start of 2021 has seen the company progress with several key commercial bids with new customers, while continuing to grow our pipeline.

However, pressures on margin will remain as OEM customers continue long term cost reduction programmes due to their own business challenges. The Company is continuing to manage a continuous improvement plan to counter these pressures.

Neither the depth of the recession nor the strength of the recovery caused by the Covid-19 pandemic are fully certain and consequently neither are its potential impacts on our business in the longer term. However, the Directors believe the business is well structured to grow into new markets and service lines based on having prepared and reviewed multiple scenarios for trading performance and cash flow scenarios.

The trading results in the first quarter of 2021 continue to show our recovery delivering significantly improved profitability year over year and in line with our budget commitments. The Directors expect that the business will therefore return to profit in the next financial year.

Brexit consideration

The Company has carefully considered its position in respect to Brexit and has concluded that, although all of the company's revenue is generated within the UK, many of its customers are reliant upon trade within the EU and any disruption to this trade is likely to exert further cost pressures on their business and consequently on this business as well.

Initial 'teething' problems in January for some automotive suppliers caused issues in our logistics operations due to variability and inconsistency in production schedules. However, these issues have settled down in February with a return to more stable production plans.

Most of the Company's purchases are sourced from within the UK but the company ensured that processes were up to date to ensure the supply lines from the EU on purchased goods did not suffer from disruption.

As a people business, we continue to promote the 'Settled Status' programme to our employees who are not UK nationals, and work closely with a number of temporary worker agencies as a back-up plan, should a significant number of our non UK national employees return home as a consequence of Brexit.

Employees

Human Resources is a key success factor in the personnel intensive service sector in which we operate and therefore remains a strategic focus for the Directors.

Empowering People

People development continues to be a key strategic topic for the business, and we have continued to utilise and develop our use of our in-house “Leadec Campus” e-learning tool. The Leadership Training Programme is now entering in its third year of implementation and further modules are being developed, particularly around our roll out of our digital service delivery tool, Leadec.os.

Driving Performance

Our focus is not only on providing the necessary qualifications but also on ensuring our teams are focussed on delivering excellence. To this end, we provide regular feedback sessions via our Performance and Development Dialogues and Mid-Year Feedback sessions. We also look to reward success and operate several incentive schemes from annual bonus to monthly recognition awards for Excellence. In addition, we also undertake annual Talent Review conferences.

Communication

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company intranet and employee engagement app ‘We.do’.

In addition, due to the Covid-19 crisis, we have also undertaken a significant number of employee communications via mail as employees were furloughed and needed to be kept up to date on key issues affecting their employment, such as the various delays to customer re-starts and changes to furlough pay. Employee representatives are consulted on a wide range of matters affecting their current and future interests.

“Safety – It’s your life”

The business places great importance on the health and safety of its employees. We aim to avoid accidents and work related illness as far as possible, undertaking a variety of proactive measures such as Safety Walks, a “Go Look See” approach from all levels of management, and regular safety related communications such as “The 4As of situational awareness” or “Slips, Trips and Falls” aimed at increasing safety awareness at all levels. These go alongside reviews, root cause analysis of accidents, reviews of and amendments to risk assessments and safe ways of working.

Diversity

The Company is committed to creating an inclusive culture and an environment of trust. To meet this aim, it is essential to have a diverse workforce where everyone has the same opportunities for success.

Leadec Limited does not tolerate or condone any action, which has a negative effect on working relationships and any form of harassment or bullying will be treated very seriously. Our approach and practices in this area are underpinned by our inclusive culture and the Equality Act 2010.

The Company continues to publish its gender pay report on its website and is proud of the fact that the Board of Management has a 50/50 gender split, and has undertaken a number of activities to address gender pay inequality, including enhanced maternity pay and the promotion of flexible working. Full details of these initiatives can be obtained from our website.

Risk Management

Risk is an integral part of any business operation and our Risk Management process is aimed at safeguarding this business against risks that could jeopardise its ability to meet its objectives, especially those that would threaten its ability to continue as a going concern.

The Directors uses several processes to identify, understand and manage the risks and uncertainties facing the business.

Firstly, the Directors review significant risks and mitigating actions monthly at the board meetings and as part of the Operational Review meetings. These reviews cover all operations and support functions such as Finance, HR, IT, Sales, and QHSE. Significant risks are also reported within the Group in line with group reporting requirements.

Secondly, we undertake quarterly forecast reviews for the whole business as well as the annual 3-year budgeting process.

Principal Risk Areas	
External Risks	Covid and Brexit are the most significant risk at the present time and have been discussed at length earlier in this report.
Industry Risks	The business is currently highly dependent on Automotive customers and this industry is currently undergoing significant changes e.g. the increase in desire for electrification and for some reduced demand for its products. The Company is actively looking to expand our business into other manufacturing industries to reduce our reliance on a single economic cycle, while keeping our focus on our core market. In addition, the increased move towards electrification offers new business opportunities for us, with new technology providing growth opportunities.
Exchange Rate Risks	All customer invoices are raised in GBP and the majority of suppliers are also paid in GBP. Therefore, the Company does not have significant exchange rate risk. Should this position change, the Company will review its exchange rate risk management strategy.
Credit Risk	In order to avoid credit risk, the Company only enters into transactions with known, creditworthy third parties. Customers wishing to enter into credit-based transactions are subject to strict rating checks. These checks are reviewed regularly with credit alerts in place for all major customers.
Liquidity Risk	Liquidity movements are monitored carefully in order to recognise such risks on a timely basis. This is performed by a rolling cash flow forecast, which is reported internally daily and to the Group twice a month. In the Company's assessment of the situation, there are no liquidity bottlenecks identified in the planning period and therefore will be able to meet its financial obligations.
Interest Rate Risk	Interest risks currently arise only on the intercompany loan due to the variable LIBOR linked interest within the loan agreement. Given the economic climate, the Company consider the chance of the Bank of England base rate increasing significantly in the near term to be low and therefore have not taken out any interest rate hedges to mitigate this. This will be reviewed should there be a change in the outlook.

Section 172 disclosure

The Directors recognise their obligation to adhere to the principles laid out in Section 172 of the Companies Act 2006. We ensure that the requirements of s172 are met and the interests of our various stakeholder groups are considered through a combination of the following activities:

- Standard meeting agendas for the Board and Operational reviews, covering Operations, Finance, Safety, Risk & Compliance, Quality, HR, and Sales activity,
- Regular reviews of the budget achievement and impact of successes or failures on the longer-term strategic plan,
- Regular communications sessions with the wider operational and functional managers to maintain alignment to the business strategy,
- Review of these topics through our Risk Management process, as well as our programme of internal audits or other standard audits.

Section 172 requirement	
a) the likely consequences of any decision in the long term	In looking at the impact of Covid-19, the Directors had to balance the need to reduce costs as a consequence of the reduced revenue, while also considering our ambitious growth plans. Through an evaluation of the new business opportunities in the pipeline and our knowledge of our existing customer plans, we implemented a plan to right-size the central team to be the core from which we will grow.
b) the interests of the company's employees	As a people business, the Company places the interests of its employees in the highest regard. The Company considers the safety of employees to have the greatest importance and have implemented a safety campaign called 'Safety – it's your life' and we are proud to have been awarded 2 Swords of Excellence in 2019 for our work at two of our customer sites and a group award in 2020. The Company has also put in place a comprehensive HR calendar encompassing a range of activities aimed at empowering and motivating our employees, as well as driving improved performance for our customers. Further information is provided in the Employee Section of this report.
c) the need to foster the company's business relationships with suppliers, customers, and others	The Directors and senior managers take part in numerous industry forums and events to provide opportunities to engage with customers (both existing and new), suppliers and other stakeholders as well as with the wider Leadec Group. The challenges faced in 2020 as a result of the Covid-19 pandemic also demonstrated our commitment to work together with employees, customers and suppliers to minimise the impact across all areas. Suppliers – The company has implemented a digital vendor onboarding system which as well as streamlining the onboarding process, allows for the reduction of the risk of engaging with non-compliant suppliers as it requires potential suppliers to sign up to our Supplier Code of Conduct. In addition, it measures their financial stability against our defined requirements and allows flexibility in terms of any customer specific requirements. Customers – Within each contract are defined a multilevel approach to engaging with customers, from more frequent operational level reviews, to monthly reviews within the Regional Management Teams, to quarterly or annual Senior Management level reviews.

d) the impact of the Company's operations on the community and the environment	The company, as well as complying with all legislative requirements, holds several accreditations such as ISO 14001, and reviews the outcome of all internal and external audits in order to identify areas for improvements. In addition, we also ensure shared commitments with our customers and suppliers in terms of issues such as working conditions, rights, and compliance.
e) the desirability of the company maintaining a reputation for high standards of business conduct	In a service business, the reputation of the business is of paramount importance. Therefore, through the formal review processes with our customers we ensure that any concerns with performance, are immediately addressed and rectified as soon as possible. In addition, the company has a Whistleblowing policy where employees can raise any concerns and the Compliance Officer and Risk Manager will appoint an independent investigator and the results are reviewed at Board level. The company also ensures that all salaried employees undertake regular mandatory compliance training sessions.
f) The need to act fairly as between members of the company	The Directors hold regular reviews with management team in the European Division and the Global holding company, who in turn meet regularly with Triton. Such meetings cover all matters from financial performance, sales pipeline and strategic plans, and corporate governance matters. The Directors are committed to ensuring adherence to its Equal Opportunity and Equality and Dignity at Work policies ensuring that all employees and potential employees are treated equally.

Mandatory Energy and Carbon Reporting

As required under the 2018 regulations on Streamlined Energy and Carbon Reporting (SECR), below are the company KPIs for the year ended 31 December 2020:

Energy used	Description	Energy used in kWh	Emission in TCO2eq
Petrol & Diesel	Energy use and carbon emissions from Company vehicles used by employees and employee vehicles on business trips	385,811	89.95
Electricity	Energy use and carbon emissions associated to the use of electricity in our directly managed properties	2,460,201	573.57
Natural Gas	Energy use and carbon emissions associated with combustion of natural gas for heating and hot water at our property locations	2,042,083	476.09

By order of the board

Claire Gathercole
Director

29 July 2021

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Directors

The Directors who held office during the year and up to the date of signing the financial statements were:

LS Smith
CL Gathercole

Financial instruments

The Company uses financial instruments, including cash and Intercompany loans, in order to finance the company's activities. It is not the policy of this business, or the group, to enter into trading of a speculative nature in respect of financial instruments.

Research and development

The company does not undertake any research or development therefore has no associated costs.

Dividends

A dividend of £Nil was paid during the year *(2019: £2,868,000)*. As a consequence of the Covid-19 pandemic, no dividend will be paid in 2021.

Charitable donations

Charitable donations for the year were £58 *(2019: £465)*.

Political contributions

The Company made no political donations during the year *(2019: £Nil)*.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Claire Gathercole
Director

Torrington Avenue
Coventry
CV4 9HL

29 July 2021

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and financial statements.

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

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B4 6GH
United Kingdom

Independent auditor's report to the members of Leadec Limited

Opinion

We have audited the financial statements of Leadec Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and loss account, Balance sheet and Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate:
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board meeting minutes.
- Considering bonus schemes and performance targets for management, directors and staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from cleaning services and wheel & tyre assembling contracts with customers is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected revenue account combinations and journals posted to seldom used accounts during the financial year.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report to the members of Leadec Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational *regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Leadec Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

NDavies

Nicola Davies (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

29 July 2021

Profit and loss account and other comprehensive income

for the year ended 31 December 2020

In £000	Note	2020	2019
Turnover	3	**57,356**	**82,960**
Cost of Sales		(60,409)	(72,394)
Gross (Loss) / Profit		**(3,053)**	**10,566**
Administrative Expenses (incl. exceptional items of £1,662,000) *(2019: £2,394,000)*	5-8	(9,741)	(10,628)
Other operating income (incl. exceptional items of £Nil) *(2019: £882,000)*	4	8,399	1,183
Operating (Loss) / Profit		**(4,395)**	**1,121**
Interest receivable and similar income	9	-	56
Interest payable and similar expenses	10	(1,402)	(973)
(Loss) / Profit before taxation		**(5,797)**	**204**
Taxation	11	1,122	(223)
Loss for the financial period		**(4,675)**	**(19)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension liability	21	(313)	(216)
Income tax on items that will not be reclassified to Profit or Loss		65	(54)
Total Comprehensive Loss for the year		**(4,923)**	**(289)**

The notes on pages 19 to 44 form part of these financial statements.

Balance Sheet

at 31 December 2020

In £000	Note	2020	2019
Fixed Assets			
Goodwill	12	3,054	3,054
Other intangibles	12	120	168
Tangible Assets	13	18,609	20,826
		21,783	**24,048**
Current Assets			
Stocks	15	914	757
Debtors *(amounts due after more than one year: £1,462,000)*	16	19,708	23,324
Cash at bank and in hand		8,676	10,236
		29,298	**34,317**
Creditors: amounts falling due within one year	17	(32,209)	(33,642)
Net Current Assets		(2,911)	**675**
Total Assets less current liabilities		18,871	**24,723**
Creditors: amounts falling due after one year	18	(13,194)	(14,837)
Provisions for liabilities	20	(2,638)	(2,226)
Pension liability	21	(693)	(391)
Net Assets		2,346	**7,269**
Capital and Reserves			
Called up share capital	22	50	50
Profit and loss account		2,296	7,219
Shareholders' funds		2,346	**7,269**

The notes on pages 19 to 44 form part of these financial statements.
These financial statements were approved by the board of directors on 29 July 2021 and were signed on its behalf by:

C Gathercole
Director
Company registered number: 03441005

Statement of Changes in Equity

for the year ended 31 December 2020

In £000	Share Capital	Profit and Loss Account	Total
Balance as at 1 January 2019	**50**	**10,376**	**10,426**
Total comprehensive income for the year			
Profit or loss	-	(19)	(19)
Other comprehensive income	-	(270)	(270)
Total comprehensive income / (loss) for the year	**-**	**(289)**	**(289)**
Transactions with owner recorded directly in equity			
Dividends	-	(2,868)	(2,868)
Total contributions by and to owner	**-**	**(2,868)**	**(2,868)**
Balance at 31 December 2019	**50**	**7,219**	**7,269**

In £000	Share Capital	Profit and Loss Account	Total
Balance as at 1 January 2020	**50**	**7,219**	**7,269**
Total comprehensive income for the year			
Profit or loss	-	(4,675)	(4,675)
Other comprehensive income	-	(248)	(248)
Total comprehensive income / (loss) for the year	**-**	**(4,923)**	**(4,923)**
Transactions with owner recorded directly in equity			
Dividends	-	-	-
Total contributions by and to owner	**-**	**-**	**-**
Balance at 31 December 2020	**50**	**2,296**	**2,346**

The notes on pages 19 to 44 form part of these financial statements.

Notes

forming part of these financial statements

1. Accounting policies

The Company is a private company, limited by share capital incorporated in England and Wales and domiciled in the United Kingdom. The address of the registered office is Torrington Avenue, Coventry, CV4 9HL.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

1.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's indirect parent undertaking, Leadec Group SARL, includes the Company in its consolidated financial statement. These financial statements are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address in note 23. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assts;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Leadec Group SARL include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and disclosures required by IFRS 7 *Financial Instrument disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Notes *(continued)*

1. Accounting policies *(continued)*

1.2 Changes in accounting policy

The Company has not adopted any new changes in accounting policy within 2020.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

1.4 Going concern

Notwithstanding net current liabilities of £2,911,000 as at 31 December 2020 and a loss for the year then ended of £4,675,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the potential impact of COVID-19, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, not seeking repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £12,544,000 but post year-end has reduced to £11,000,000. Leadec Holding BV & CO. KG has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other debtors, cash and cash equivalents, and trade and other creditors.

1.7 Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1.8 Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes *(continued)*

1. Accounting policies *(continued)*

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated.

The estimated useful lives are as follows:

• plant and equipment	up to 10 years	
• fixtures and fittings	up to 4 years	} Reported in Note 13 under Plant & Machinery
• computer equipment	up to 3 years	
• buildings over lease period.		

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.10 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statement of this departure.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Computer software 3 years

1.11 Stock and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow-moving stocks.

Cost includes all direct costs, computed on a first in, first out basis and an appropriate proportion of fixed and variable overheads. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Notes *(continued)*

1. Accounting policies *(continued)*

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with significant financing components are provided for based on a group defined threshold for ECL, which is based on historic ECL actuals. For this business it is currently estimated at 0.33% of each balance and is reviewed each year in case of changes.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due and no further discussion is being had with the debtor and legal avenues for recovery are not considered to result in the payment of the debt.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes *(continued)*

1. Accounting policies *(continued)*

1.12 Impairment excluding stocks and deferred tax assets (continued)

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans

The Company offers a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Defined benefit plans

The Company also operates a defined benefit scheme for some of its employees, which requires contributions to be made to a separately administered fund.

Notes *(continued)*

1. Accounting policies *(continued)*

1.13 Employee benefits (continued).

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plan is calculated, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.15 Turnover

The Group derives its revenue principally from providing facilities management; technical cleaning; Wheel & Tyre assembly; vehicle cleaning services; and logistics services.

With the exception of the Wheel & Tyre assembly, Leadec Limited's contracts are repeat, short term, service-based contracts where value is transferred to the customer over time as the core service are delivered and therefore in most cases revenue will be recognised on the output basis, with revenue linked to the deliverables provided to the customer. These services typically require the provision of a group of interrelated services to the customer over a period of time. Such services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. Consideration received in respect of such services typically equates to the value of services supplied to the customer to date and the practical expedient has been applied under IFRS 15 to recognise revenue as the customer is billed.

Notes *(continued)*

1. Accounting policies *(continued)*

1.15 Turnover (continued)

Wheel & Tyre assembly services are considered to be recognised at a point in time on when control over the deliverable is passed to the customer or where the Group has a legally enforceable right to remuneration for the work completed to date.

1.16 Expenses

Interest Receivable and Interest Payable

Interest payable and similar charges include interest payable are recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.18 Leases

At the inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

Notes *(continued)*

1. Accounting policies *(continued)*

1.18 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

1.19 Accounting treatment of Furlough Scheme

Following the announcement of the Coronavirus Job Retention Scheme by the UK Government in March 2020, the business has participated in this scheme to support employees during the Coronavirus pandemic. This income has been treated as other operating income and details can be found in Note 4.

Notes *(continued)*

2. Accounting estimates and judgements

Some accounting policies require critical estimates that involve complex and subjective assessments and the use of assumptions, some of which are inherently uncertain and subject to change. These critical accounting estimates can vary from period to period and significantly impact a company's financial position and/or earnings. The management explicitly points out that future events will often deviate from planning assumptions, and that it is normal for estimates to have to be adjusted. Significant estimates and assumptions have to be made in the following areas of accounting:

2.1 Trade and other receivables

Determining allowances for doubtful receivables requires significant judgment on the part of management as well as an analysis of the individual debtors that covers their creditworthiness, current economic trends and an examination of historic default scenarios.

2.2 Impairment of goodwill

Determining the recoverable amount of goodwill requires estimates by management. The value in use requires judgement around contract renewals, expected growth rates, discount rates, headcount and wage inflation.

2.3 Pension obligations

Estimates of pension obligations depend significantly on key assumptions including discount factors, expected salary increases, mortality rates and healthcare trends. The assumptions used to calculate the discount factor reflect the interest rates that can be realized on high-quality fixed-income instruments with appropriate maturities.

Notes *(continued)*

3. Turnover from contracts with customers

3.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

In £000	**2020**	**2019**
Major Products / Service Lines		
Facilities Management	22,364	33,451
Technical Cleaning	13,986	15,456
Wheel & Tyre	-	548
Vehicle Cleaning Services	4,616	14,707
Logistics	16,263	17,942
Other	127	856
Total	**57,356**	**82,960**

In £000	**2020**	**2019**
Primary Geographical Markets		
UK	57,356	82,960
Total	**57,356**	**82,960**

3.2 Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

In £000	*Note*	**31 December 2020**	**31 December 2019**
Receivables	*16*	14,460	15,901
Contract Assets	*16*	2,139	3,336
Contract Liabilities	*17*	(2,965)	(2,031)

Notes *(continued)*

3. Turnover from contracts with customers *(continued)*

3.2 Contract balances (continued)

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on predominately facilities management contracts. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for predominately facilities management contracts.

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £Nil *(2019: £Nil)*.

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was £1,046,000 *(2019 £1,107,000)*.

4. Other operating income

In £000	2020	2019
Realised foreign exchange gain	43	105
Income from associated companies for administration services	97	192
Profit on sale of fixed assets	-	4
Onerous contract provision release (see note 8)	-	332
Pension transfer (see note 21)	-	550
UK Government Coronavirus Job Retention Scheme	6,387	-
Pension gain on curtailment	30	-
Recovery on new contract mobilisation	1,842	-
	8,399	**1,183**

5. Expenses and auditor's remuneration

Included in profit/loss are the following:

In £000	2020	2019
Expenses		
Amortisation	62	40
Depreciation owned	1,062	1,180
Depreciation leased	2,532	1,639
Operating lease charges	616	760

Notes *(continued)*

5. Expenses and auditor's remuneration *(continued)*

In £000	2020	2019
Auditor's Remuneration		
Audit of these financial statements	125	45
Taxation services	14	12
Other Non-Audit fees	3	4

6. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

Number of Employees	2020	2019
Production Support	1,575	1,954
Sales and Marketing	6	6
Administration	53	68
	1,634	**2,028**

The aggregate payroll costs of these persons were as follows:

In £000	2020	2019
Wages and salaries	39,574	48,422
Social Security costs	3,478	4,525
Other pension costs	1,215	1,540
	44,267	**54,487**

Notes *(continued)*

7. Directors' remuneration

In £000	2020	2019
Directors' emoluments	358	880
Company contributions to money purchase pension scheme	33	76
Compensation for loss of office	-	449
	391	**1,405**

The aggregate of remuneration of the highest paid director was £224,000, and £19,000 pension contributions were made on his behalf. *(2019: £636,000 and £38,000 company pension contributions).*

In £000	2020	2019
Retirement benefits are accruing to the following number of directors:		
Money Purchase schemes	2	5

8. Exceptional operating items

In £000	2020	2019
Costs and provision related to fatal accident	-	830
IT restructure	467	776
Settlement of supplier claim	-	82
Restructuring Costs	1,195	706
Exceptional Operating Expenses	**1,662**	**2,394**
Onerous contract provision release	-	(332)
Pension release	-	(550)
Exceptional Operating Income	-	**(882)**
Total Exceptional Operating Items	**1,662**	**1,512**

The Directors consider due to the value and nature of the items, that disclosure as exceptional items are appropriate for an understanding of the performance of the business during the period.

Notes *(continued)*

8. Exceptional operating items *(continued)*

Costs were incurred in restructuring the Group's IT platforms as part of the ongoing carve-out from Voith and additional IT projects. This includes costs in relation to the UK's share in the Leadec Group's Digitalisation of Service Delivery project.

As a consequence of the Covid-19 pandemic, the business undertook a series of restructuring programmes within its operations (due to permanant changes in customer scope), central functions and central technical services.

9. Interest receivable and similar income

In £000	2020	2019
Interest on loans to group undertakings	-	56

10. Interest payable and similar income

In £000	2020	2019
Interest on loans from group undertakings	649	601
Net interest on net defined benefit pension plan liability	44	57
Interest payable on lease liabilities	709	315
	1,402	**973**

Notes *(continued)*

11. Taxation

The major components of income tax for the year ended 31 December 2020 and 31 December 2019 are:

11.1 Recognised in the profit and loss account

In £000	2020		2019	
UK Corporation Tax				
Current tax on income for the period	-		139	
Total current Tax		**-**		**139**
Deferred Tax (see note 19)				
Origination and reversal of timing difference	44		60	
Effect of tax rate change	-		24	
Trading losses	(1,166)		-	**84**
Total deferred Tax		**(1,122)**		
Tax on (Loss) / Profit		**(1,122)**		**223**

11.2 Recognised in other comprehensive income

In £000	2020	2019
Origination and reversal of timing difference	(65)	54
	(65)	**54**

The above item is included directly in equity will not be reclassified subsequently to profit and loss.

11.3 Reconciliation of effective tax rate

In £000	2020	2019
(Loss) for the year	(4,675)	(19)
Total tax expense	(1,122)	223
(Loss)/Profit after tax	**(5,797)**	**204**
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	(1,101)	39
Non-deductible expenses	-	160
Over provided in prior years	(21)	-
Effect of change in tax rate	-	24
Total tax (credit)/charge for year	**(1,122)**	**223**

Notes *(continued)*

11. Taxation *(continued)*

11.4 Factors affecting future tax charges

The UK Finance Act 2016 was enacted during the year ending 31 March 2017, which included provisions for a reduction of the UK corporation tax rate to 17% with effect from 1 April 2020. Subsequently a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £354,000.

12. Intangible assets

In £000	Goodwill	Computer software	Total
Cost			
At beginning of the year	3,054	611	3,665
Additions	-	14	14
At end of year	3,054	625	3,679
Amortisation			
At beginning of the year	-	443	443
Amortisation for the year	-	62	62
At end of year	-	505	505
Net Book Value			
Balance at 31 December 2020	**3,054**	**120**	3,174
Balance at 31 December 2019	3,054	168	3,222

At each balance sheet date, an impairment test has been performed to determine if there is a need to write down goodwill. In this test, goodwill is allocated to the cash generating unit (CGU), identified as the contracts on whose purchase the goodwill arose. The recoverable amount, defined as the value in use, being the present value of future cash flows expected to be generated from the contracts within the CGU.

At the balance sheet date, the recoverable amount was higher than the carrying amount of the cash generating units.

Notes *(continued)*

13. Tangible assets

In £000	Land & Buildings	Plant & Machinery	Computer Equipment	Total
Cost				
At beginning of the year	15,715	13,680	1,189	**30,584**
Additions	525	846	6	**1,377**
Disposals	-	(349)	-	**(349)**
At end of year	16,240	14,177	1,195	**31,612**
Depreciation and impairment				
At beginning of the year	904	7,879	975	**9,758**
Charge for the year	2,107	1,372	115	**3,594**
Disposals	-	(349)	-	**(349)**
At end of year	3,011	8,902	1,090	**13,003**
Net Book Value				
Balance at 31 December 2020	**13,229**	**5,275**	**105**	**18,609**
Balance at 31 December 2019	14,811	5,801	214	**20,826**

14. Leases

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and machinery (see note 13):

In £000	Land & Buildings	Plant & Machinery	Total
Balance at 1 January 2019	4,077	1,424	**5,501**
Additions to right-of-use assets	11,638	419	**12,057**
Remeasurement of right-of-use assets	-	73	**73**
Depreciation charge for the year	(904)	(735)	**(1,639)**
Balance at 31 December 2019	**14,811**	**1,181**	**15,992**

Notes *(continued)*
14. Leases *(continued)*

In £000	Land & Buildings	Plant & Machinery	Total
Balance at 1 January 2020	14,811	1,181	15,992
Additions to right-of-use assets	525	541	1,066
Remeasurement of right-of-use assets	-	(94)	(94)
Depreciation charge for the year	(2,107)	(424)	(2,531)
Balance at 31 December 2020	**13,229**	**1,204**	**14,433**

14.1 Lease Liabilities

In £000	2020	2019
Balance at 1 January 2020	16,259	5,501
Additions	1,066	12,057
Remeasurement of right-of-use assets	(94)	73
Payments made	(2,386)	(1,687)
Interest charge	709	315
Balance at 31 December 2020	**15,553**	**16,259**

In £000	2020	2019
Amounts falling due before one year (note 18)	2,359	1,422
Amounts due after more than one year (note 17)	13,194	14,837
	15,553	**16,259**

Notes *(continued)*

14.1 Lease Liabilities *(continued)*

The maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below:

In £000	2020	2019
Less than one year	2,359	1,422
Between one and five years	2,070	2,425
Greater than five years	11,124	12,412
	15,553	16,259

The following amounts have been recognised in profit or loss for which the Company is a lessee:

In £000	2020	2019
Interest expense on lease liability	709	315
Sub-lease income presented in "other revenue"	(71)	(44)
	638	**271**

15. Stocks

In £000	2020	2019
Raw materials and consumables	676	450
Work in progress	238	307
	914	**757**

Raw materials and changes in work in progress recognised as cost of sales in the year amounted to £1,280,000 *(2019: £2,054,000)*. There was no write down of stocks to net realisable value within the year *(2019 £Nil)*.

16. Debtors

In £000	2020	2019
Amounts due within one year		
Trade debtors	16,599	19,237
Amounts owed by group undertakings	9	2
Corporation tax	381	382
Other Debtors	1,257	3,429
	18,246	**23,050**
Amounts due after more than one year		
Deferred Tax (see note 19)	1,462	274
	19,708	**23,324**

Notes *(continued)*

17. Creditors

In £000	2020	2019
Trade Creditors	3,252	6,236
Amounts owed to group undertakings	12,896	14,548
Taxation and social security	3,224	3,798
Other Creditors	475	634
Accruals and deferred income	10,003	7,004
Lease Liabilities	2,359	1,422
	32,209	**33,642**

Amounts owed to group undertakings:

£4,062,000 bearing interest of, 6-month LIBOR + 4.0%. The loan may be terminated by either party with a notice period of five business days. *(2019: £6,069,000)*

£4,172,000 bearing interest of 6 months LIBOR + 4.0%. The loan may be terminated by either party with a notice period of five business days. *(2019: £4,172,000)*

£4,303,000 bearing interest of, 6 months LIBOR + 4.0%. The loan may be terminated by either party with a notice period of five business days. *(2019: £4,303,000)*

The remaining balance related to Intercompany service charges totalling £359,000 *(2019: £4,000)* is interest free and repayable in line with standard creditor terms.

18. Creditors: amounts due after more than one year:

In £000	2020	2019
Lease Liabilities	13,194	14,837

19. Deferred tax assets

The deferred taxation asset recognised in the financial statements can be analysed as follows:

In £000	2020	2019
Tangible fixed assets	74	125
Provisions	91	83
Employee benefits	131	66
Trading losses	1,165	-

Notes *(continued)*

19. Deferred tax assets *(continued)*

The movement in deferred tax asset in the prior period are as follows:

In £000	At beginning of year	Recognised in income	Recognised in equity	At end of year
Tangible fixed assets	125	(51)	-	74
Provisions	83	8	-	91
Employee benefits	66		65	131
Trading losses	-	1,165	-	1,165
	274	**1,122**	**65**	**1,461**

The movement in deferred tax asset in the prior period are as follows:

In £000	At beginning of year	Recognised in income	Recognised in equity	At end of year
Tangible fixed assets	225	(100)	-	125
Provisions	67	16	-	83
Employee benefits	120	-	(54)	66
	412	**(84)**	**(54)**	**274**

20. Provisions

In £000	Fatality provision	Integration provision	Restructuring provision	Total
At beginning of year	2,030	196	-	2,226
Provisions made during the year	-	4	622	626
Provisions utilised during the year	(169)	(45)	-	(214)
Provisions released during the year	-	-	-	-
At end of year	**1,861**	**155**	**622**	**2,638**

Notes *(continued)*

20. Provisions *(continued)*

The integration provision represents costs associated with the purchase of a business from Thyssen Krupp. The closing balance predominantly relates to an onerous lease and is anticipated to be fully utilised within two years.

The provision for the fatality relates to an accident that resulted in the tragic death of an employee and the fine resulting from the subsequent accident investigation. The payment of the fine has been agreed monthly over 36 months from 9th October 2020.

The restructuring provision relates to a redundancy program within some of our operations and central teams as a potential consequence of the Covid-19 pandemic. The provision will be fully utilised within 2021 as the business operations stabilise after removal of remaining restrictions due to Covid-19.

21. Employee benefits

21.1 Defined contribution pension scheme

The Company operates a defined contribution benefit scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,215,000 *(2019: £1,448,000)*.

Contributions totalling £10,000 *(2019: £45,000)* were payable to the scheme at the end of the year and are included in creditors.

21.2 Defined benefit schemes

Following the takeover of a contract in 2014, the Company operates a second defined benefit scheme (the “Rail” scheme). The scheme is closed to new contracts. The assets of the scheme are held separately from those of the Company.

The most recent triennial valuation of the scheme was carried out at 31 December 2019 and identified a surplus of £102,000.

The company paid contributions for the year of £5,000 *(2019: £44,000)* to cover benefit accrual for active members.

The contract to which this scheme related was lost in February 2020, and consequently all active members became deferred members. Therefore, there were no contributions outstanding at 31 December 2020 *(2019: £Nil)*.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown:

In £000	**2020**	**2019**
Total defined benefit asset	2,256	2,184
Total defined benefit liability	(2,949)	(2,575)
Net liability for defined benefit obligations (see following table)	**(693)**	**(391)**

Notes *(continued)*

21. Employee benefits *(continued)*

21.3 Reconciliation of scheme liabilities and scheme assets to assets and liabilities recognised

In £000	2020	2019
Present values of scheme assets	(2,949)	(2,575)
Fair value of scheme assets	2,256	2,184
	(693)	**(391)**

21.4 Amounts recognised in other comprehensive income

In £000	2020	2019
Actuarial loss recognised in the year	313	216

21.5 Amounts recognised in the profit and loss account

The amounts recognised in the profit and loss account are as follows:

In £000	2020	2019
Current service cost	(10)	(92)
Interest costs	(44)	(57)
Expected return on scheme assets	35	51
Administrative costs	(5)	(6)
Gain on curtailment	30	-
	6	**(104)**

Notes *(continued)*

21. Employee benefits *(continued)*

21.6 Scheme assets

Changes in the fair value of scheme assets are as follows:

In £000	2020	2019
At beginning of year	2,184	3,915
Expected return on scheme assets	35	51
Actuarial gains	129	225
Contributions by employer	5	44
Contributions by scheme participants	1	19
Benefits paid	(93)	(20)
Administrative costs	(5)	(6)
Transfer	-	(2,044)
At end of year	**2,256**	**2,184**

Analysis of scheme assets

In £000	2020	2019
With Profits fund	-	-
Growth assets	1,851	1,874
Government bonds	307	254
Non-Government bonds	101	53
Insured Annuities	-	-
Other	(3)	3
	2,256	**2,184**

There was a movement of £150,000 to the Ellesmere Port pension scheme in 2019 relating to an Actuarial re-measurement of the scheme, which was included in the £216,000 Other Comprehensive Income recognised in the year.

Notes *(continued)*

21. Employee benefits *(continued)*

21.7 Scheme liabilities

Changes in the present value of scheme liabilities is as follows:

In £000	2020	2019
At beginning of year	2,575	4,583
Current service costs	10	92
Actuarial losses	442	291
Contributions by scheme participants	1	19
Benefits paid	(93)	(20)
Interest costs	44	57
Gain on curtailment	(30)	-
Transfer	-	(2,447)
At end of year	**2,949**	**2,575**

21.8 Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

%	2020	2019
Discount rate at 31 December	1.3	1.9
Future salary increases	-	3.0
Price inflation (RPI measure)	3.0	3.0
Increase to deferred pensions	2.5	2.3
Future pension increases	2.5	2.3

Notes *(continued)*

21. Employee benefits *(continued)*

21.8 Actuarial assumptions (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 19.1 years (male), 22.4 years (female).
- Future retiree upon reaching 65: 20.8 years (male), 24.3 years (female).

In £000	2020	2019
Inflation +1%	480	444
Discount rate +1%	508	468
Life expectancy +1	118	67

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumption the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

22. Capital and reserves

In £000	2020	2019
Share Capital		
Allocated, called up and fully paid 50,000 ordinary shares of £1 each	50	50

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

23. Ultimate parent company and parent company of larger group

The Company's immediate parent undertaking is Leadec Beteiligungen GmbH. The ultimate parent undertaking and controlling party is Triton Investment Management Limited.

Consolidated financial statements for the largest group of undertakings are prepared by Triton Investment Management Limited and may be obtained from Charter Place (1st Floor), 23-27 Seaton Place, St. Helier, Jersey, JE2 3QL.

Consolidated financial statements for the smallest group of companies are prepared by Leadec Group SARL and may be obtained from Rue Albert Borschette 2 C, 1246 Luxembourg.