

COMPANY REGISTRATION NUMBER: 3869034

Leonardo Holdings Limited
Financial Statements
31st March 2020

TUESDAY



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COMPANIES HOUSE

SHAW WALLACE
Chartered accountants & statutory auditor
43 Manchester Street
London
W1U 7LP

Leonardo Holdings Limited

Financial Statements

Year ended 31st March 2020

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Leonardo Holdings Limited

Strategic Report

Year ended 31st March 2020

The directors present their Group Strategic Report for the year ended 31 March 2020.

The company is a holding company and principal activity of its subsidiary during the year was that of importers and distributors of a broad range of giftware.

The directors consider that the key financial performance indicators (KPIs) are those that communicate the financial performance and strength of the group as a whole to the members. These KPIs comprise turnover, operating profit and shareholders' funds.

The group's key financial and other performance indicators during the year were as follows:

	31 March 2020	31 March 2019
Turnover	£16,784,580	£15,012,123
Operating Profit	£558,023	£231,809

Result and performance

Shareholders fund improved from a deficit in 2019 of £21,499 to surplus of £894,509 in the year.

The group has focused on increasing business from existing customers and targeting new ones.

The directors consider that the principal non-financial KPIs are customer services, employee satisfaction and health and safety. The directors are satisfied with company's performance in each of these areas.

Principal risks and uncertainties

Principal risks and uncertainties for the company include Brexit, changes in tax legislation and Covid-19. The outbreak of Covid-19 at the end of December 2019 caused a global health crisis around the world and many countries restricted international travel, however, our supply chain was not affected by this and we continue to receive goods from our suppliers. The company monitors the situation on an ongoing basis and is ready to respond to any such changes.


The government has introduced new rules relating to health and safety at work to deal with Covid-19 and our staff have been trained to observe new requirements to protect themselves, fellow employees, and our customers. Covid-19 will impact the business and actions have been taken to enable the company to absorb any effect that may occur.

Leonardo Holdings Limited

Strategic Report *(continued)*

Year ended 31st March 2020

This report was approved by the board of directors on 17th December 2020 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'J A Hunt', with a stylized flourish at the end.

J A Hunt - Managing Director
Director

Registered office:
Leonardo House
Fawkes Avenue
Dartford Trade Park
Dartford
Kent
DA1 1JQ

Leonardo Holdings Limited

Directors' Report

Year ended 31st March 2020

The directors present their report and the financial statements of the group for the year ended 31st March 2020.

Directors

The directors who served the company during the year were as follows:

J A Hunt - Managing Director
R F Pavey
D H Fieldman

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The group is continually looking at its product range with a view to improve the quality and saleability of its products.

Financial instruments

The company's principal financial instruments comprise cash balances, borrowings and various items such as trade debtors and trade creditors which arise directly from trading operations. The purpose of these financial instruments is to provide finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks.

Liquidity risk

The group operates a working capital facility which provides short term flexibility to meet fluctuations in the amount and timing of future cashflows.

Credit risk

The principal credit risk arises from trade debtors. The group has a credit policy, which includes credit insurance, credit evaluation and continuous monitoring.

Currency risk

The group seeks to minimise its exposure to currency risk by taking out forward currency contracts to hedge against foreign currency denominated purchase commitments. The company's policy is to enter into forward currency contracts for all such commitments immediately when those purchase commitments are made.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has set out the business review and the principal risks and uncertainties in the Strategic Report on page 1 of these accounts.

Directors' responsibilities statement

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

Leonardo Holdings Limited

Directors' Report *(continued)*

Year ended 31st March 2020

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 17th December 2020 and signed on behalf of the board by:



J A Hunt - Managing Director
Director

Registered office:
Leonardo House
Fawkes Avenue
Dartford Trade Park
Dartford
Kent
DA1 1JQ

Leonardo Holdings Limited

Independent Auditor's Report to the Members of Leonardo Holdings Limited

Year ended 31st March 2020

Opinion

We have audited the financial statements of Leonardo Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st March 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Leonardo Holdings Limited**Independent Auditor's Report to the Members of Leonardo Holdings Limited**
(continued)**Year ended 31st March 2020**

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Leonardo Holdings Limited**Independent Auditor's Report to the Members of Leonardo Holdings Limited**
(continued)**Year ended 31st March 2020**

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Hitesh Gadhia (Senior Statutory Auditor)

For and on behalf of
Shaw Wallace
Chartered accountants & statutory auditor

43 Manchester Street
London
W1U 7LP

17th December 2020

Leonardo Holdings Limited
Consolidated Statement of Comprehensive Income
Year ended 31st March 2020

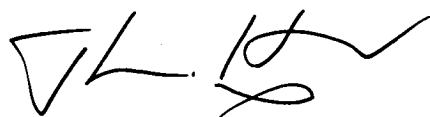
	Note	2020 £	2019 £
Turnover	4	16,784,580	15,012,123
Cost of sales		<u>(11,505,958)</u>	<u>(10,055,570)</u>
Gross profit		5,278,622	4,956,553
Administrative expenses		<u>(4,735,815)</u>	<u>(4,724,744)</u>
Other operating income	5	<u>15,216</u>	<u>—</u>
Operating profit	6	558,023	231,809
Gain/(Loss) on financial instruments	10	508,000	66,000
Interest payable and similar expenses	11	<u>(85,909)</u>	<u>(84,794)</u>
Profit before taxation		980,114	213,015
Tax on profit	12	<u>(64,106)</u>	<u>(30,468)</u>
Profit for the financial year and total comprehensive income		<u>916,008</u>	<u>182,547</u>

All the activities of the group are from continuing operations.

Leonardo Holdings Limited
Consolidated Statement of Financial Position
31st March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	96,230	2,301
Tangible assets	14	<u>54,071</u>	<u>47,723</u>
		150,301	50,024
Current assets			
Stocks	16	3,629,669	3,137,422
Debtors	17	3,078,319	2,567,718
Cash at bank and in hand		<u>510,150</u>	<u>379,799</u>
		7,218,138	6,084,939
Creditors: amounts falling due within one year	18	<u>6,465,350</u>	<u>6,149,555</u>
Net current assets/(liabilities)		752,788	(64,616)
Total assets less current liabilities		903,089	(14,592)
Provisions			
Taxation including deferred tax	19	<u>8,580</u>	<u>6,907</u>
Net assets/(liabilities)		<u>894,509</u>	<u>(21,499)</u>
Capital and reserves			
Called up share capital	24	181	181
Other reserves, including the fair value reserve	25	<u>(739,801)</u>	<u>(739,801)</u>
Profit and loss account	25	<u>1,634,129</u>	<u>718,121</u>
Shareholders funds/(deficit)		<u>894,509</u>	<u>(21,499)</u>

These financial statements were approved by the board of directors and authorised for issue on 17th December 2020, and are signed on behalf of the board by:



J A Hunt - Managing Director
Director

Company registration number: 3869034

Leonardo Holdings Limited
Company Statement of Financial Position
31st March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	15	1,200,539	1,200,539
Current assets			
Cash at bank and in hand		93	93
Creditors: amounts falling due within one year	18	<u>23,584,742</u>	<u>23,832,585</u>
Net current liabilities		<u>23,584,649</u>	<u>23,832,492</u>
Total assets less current liabilities		<u>(22,384,110)</u>	<u>(22,631,953)</u>
Capital and reserves			
Called up share capital	24	181	181
Profit and loss account	25	<u>(22,384,291)</u>	<u>(22,632,134)</u>
Shareholders deficit		<u>(22,384,110)</u>	<u>(22,631,953)</u>

The profit for the financial year of the parent company was £247,843 (2019: £Nil).

These financial statements were approved by the board of directors and authorised for issue on 17th December 2020, and are signed on behalf of the board by:



J A Hunt - Managing Director
 Director

Company registration number: 3869034

Leonardo Holdings Limited
Consolidated Statement of Changes in Equity
Year ended 31st March 2020

	Called up share capital £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
At 1st April 2018	181	(739,801)	535,574	(204,046)
Profit for the year	—	—	182,547	182,547
Total comprehensive income for the year	—	—	182,547	182,547
At 31st March 2019	181	(739,801)	718,121	(21,499)
Profit for the year	—	—	916,008	916,008
Total comprehensive income for the year	—	—	916,008	916,008
At 31st March 2020	<u>181</u>	<u>(739,801)</u>	<u>1,634,129</u>	<u>894,509</u>

The notes on pages 14 to 27 form part of these financial statements.

Leonardo Holdings Limited
Company Statement of Changes in Equity
Year ended 31st March 2020

	Called up share capital £	Profit and loss account £	Total £
At 1st April 2018	181	(22,632,134)	(22,631,953)
Profit for the year		—	—
At 31st March 2019	181	(22,632,134)	(22,631,953)
Profit for the year		247,843	247,843
Total comprehensive income for the year	—	247,843	247,843
At 31st March 2020	181	(22,384,291)	(22,384,110)

The notes on pages 14 to 27 form part of these financial statements.

Leonardo Holdings Limited
Consolidated Statement of Cash Flows
Year ended 31st March 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	916,008	182,547
<i>Adjustments for:</i>		
Depreciation of tangible assets	13,908	16,395
Amortisation of intangible assets	2,301	8,042
Government grant income	(15,216)	–
Gain/(Loss) on financial instruments	(508,000)	(66,000)
Interest payable and similar expenses	85,909	84,794
Tax on profit	64,106	30,468
Accrued expenses	4,449	69,432
<i>Changes in:</i>		
Stocks	(492,246)	552,351
Trade and other debtors	(510,601)	774,282
Trade and other creditors	358,432	(486,122)
Cash generated from operations	(80,950)	1,166,189
Interest paid	(85,909)	(84,794)
Interest received	508,000	66,000
Tax paid	(29,799)	(62,173)
Net cash from operating activities	<u>311,342</u>	<u>1,085,222</u>
Cash flows from investing activities		
Purchase of tangible assets	(20,256)	(18,032)
Purchase of intangible assets	(96,230)	–
Net cash used in investing activities	<u>(116,486)</u>	<u>(18,032)</u>
Cash flows from financing activities		
Proceeds from borrowings	420,279	(968,660)
Government grant income	15,216	–
Other financing cash flow adjustment	(500,000)	–
Net cash used in financing activities	<u>(64,505)</u>	<u>(968,660)</u>
Net increase in cash and cash equivalents	130,351	98,530
Cash and cash equivalents at beginning of year	379,799	281,269
Cash and cash equivalents at end of year	<u>510,150</u>	<u>379,799</u>

The notes on pages 14 to 27 form part of these financial statements.

Leonardo Holdings Limited
Notes to the Financial Statements
Year ended 31st March 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Leonardo House, Fawkes Avenue, Dartford Trade Park, Dartford, Kent, DA1 1JQ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in sterling, which is the functional currency of the group.

(b) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

(c) Going concern

The directors, at the time of approving the financial statements, have considered the impact of Covid-19 and Brexit and they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(d) Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Leonardo Holdings Limited**Notes to the Financial Statements** *(continued)***Year ended 31st March 2020**

3. Accounting policies *(continued)***(e) Consolidation**

The consolidated accounts comprise the accounts of the company and its subsidiaries for the year ended 31 March 2020.

Acquisitions of subsidiaries which meet the conditions of merger were accounted for using the merger method. When the merger method is used, the cost of investment in the Company's financial statements is recorded at fair value of the shares issued at the date of exchange. The difference between the carrying value of the investment and the nominal value of shares acquired is treated as a merger reserve or merger deficit. Where the carrying value of investment is less than the nominal value of shares acquired, the merger reserve should be treated as a reserve arising on consolidation. Where the carrying amount of investment is greater than the nominal value of shares acquired, the capital redemption deficit is treated on consolidation as a reduction of reserves. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial year.

As permitted by Section 408 of the Companies Act 2006, Leonardo Holdings Limited has not presented its own profit and loss account.

(f) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. 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.

(a) Significant judgements

No critical accounting judgement was made by management in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

No critical sources of estimation uncertainty were made by management in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(g) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

3. Accounting policies *(continued)*

(h) Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

(i) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit or loss.

(j) Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

(k) Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

(l) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Website and software development	- 33% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

3. Accounting policies *(continued)*

(m) Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

(n) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

(o) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold	-	Over the term of the lease
Plant and machinery	-	15% straight line

(p) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

(q) Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

(r) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

(s) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

3. Accounting policies *(continued)*

(t) Financial instruments

A financial asset or liability is recognised when the entity becomes party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

(u) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2020 £	2019 £
Sale of goods	<u>16,784,580</u>	<u>15,012,123</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020 £	2019 £
United Kingdom	15,410,520	13,506,639
Overseas	<u>1,374,060</u>	<u>1,505,484</u>
	<u>16,784,580</u>	<u>15,012,123</u>

5. Other operating income

	2020 £	2019 £
Government grant income	<u>15,216</u>	<u>-</u>

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Amortisation of intangible assets	2,301	8,042
Depreciation of tangible assets	13,908	16,395
Impairment of trade debtors	36,000	21,000
Operating lease rentals	67,322	57,731
Foreign exchange differences	<u>(126,313)</u>	<u>87,024</u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>20,000</u>	<u>19,295</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Administrative staff	32	31
Management staff	3	3
	<u>35</u>	<u>34</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	1,300,260	1,272,819
Social security costs	140,645	134,688
Other pension costs	64,350	62,594
	<u>1,505,255</u>	<u>1,470,101</u>

9. Directors' remuneration

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

	2020	2019
	£	£
Remuneration	245,440	170,440
Company contributions to defined contribution pension plans	11,250	7,500
	<u>256,690</u>	<u>177,940</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	No.	No.
Defined contribution plans	<u>2</u>	<u>1</u>

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

9. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2020 £	2019 £
Aggregate remuneration	96,820	96,820
Company contributions to defined contribution pension plans	7,500	7,500
	<u>104,320</u>	<u>104,320</u>

10. Gain/(loss) on financial instruments

	2020 £	2019 £
Gain on financial instruments	<u>508,000</u>	<u>66,000</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on banks loans and overdrafts	<u>85,909</u>	<u>84,794</u>

12. Tax on profit

Major components of tax expense

	2020 £	2019 £
Current tax:		
UK current tax expense	62,434	29,799
Deferred tax:		
Origination and reversal of timing differences	1,672	669
Tax on profit	<u>64,106</u>	<u>30,468</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	<u>980,114</u>	<u>213,015</u>
Profit on ordinary activities by rate of tax	135,079	40,473
Effect of expenses not deductible for tax purposes	(48,330)	(11,437)
Effect of capital allowances and depreciation	4,660	763
Deferred tax adjustment	1,672	669
Tax relief on R&D expenditure	(28,975)	—
Tax on profit	<u>64,106</u>	<u>30,468</u>

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

13. Intangible assets

Group	Software and website Development costs £
Cost	
At 1st April 2019	24,271
Additions	96,230
At 31st March 2020	120,501
Amortisation	
At 1st April 2019	21,970
Charge for the year	2,301
At 31st March 2020	24,271
Carrying amount	
At 31st March 2020	96,230
At 31st March 2019	2,301

The company has no intangible assets.

The current year additions in intangible assets have not been amortised as these are still in development stage.

14. Tangible assets

Group	Short leasehold £	Plant and machinery £	Total £
Cost			
At 1st April 2019	330,000	154,190	484,190
Additions	—	20,256	20,256
Disposals	—	(50,849)	(50,849)
At 31st March 2020	330,000	123,597	453,597
Depreciation			
At 1st April 2019	330,000	106,467	436,467
Charge for the year	—	13,908	13,908
Disposals	—	(50,849)	(50,849)
At 31st March 2020	330,000	69,526	399,526
Carrying amount			
At 31st March 2020	—	54,071	54,071
At 31st March 2019	—	47,723	47,723

The company has no tangible assets.

15. Investments

The group has no investments.

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

15. Investments *(continued)*

Company	Shares in group undertakings £
Cost	
At 1st April 2019 and 31st March 2020	<u>16,748,416</u>
Impairment	
At 1st April 2019 and 31st March 2020	<u>15,547,877</u>
Carrying amount	
At 1st April 2019 and 31st March 2020	<u>1,200,539</u>
At 31st March 2019	<u>1,200,539</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Country of Incorporation and registration number	Class of share	Percentage of shares held
Leonardo Group Limited ⁽¹⁾	England – 02073478	Ordinary	100
Lesser & Pavey Ltd ^(1&2)	England – 00998771	Ordinary	100
Alberon Dolls Limited ^(1&2)	England – 03852941	Ordinary	100

1 Registered office address – Leonardo House Fawkes Avenue, Dartford, Kent, DA1 1JQ
2 Held Indirectly

16. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Finished goods and goods for resale	<u>3,629,669</u>	<u>3,137,422</u>	<u>–</u>	<u>–</u>

17. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	2,547,589	2,320,001	–	–
Prepayments and accrued income	266,297	247,717	–	–
Derivative financial assets	213,000	–	–	–
Other debtors	51,433	–	–	–
	<u>3,078,319</u>	<u>2,567,718</u>	<u>–</u>	<u>–</u>

Leonardo Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31st March 2020

18. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	2,106,747	1,686,468	–	–
Trade creditors	768,814	356,363	–	–
Amounts owed to group undertakings	–	–	20,685,051	20,435,052
Accruals and deferred income	220,391	215,942	–	–
Corporation tax	62,434	29,799	2,158	–
Social security and other taxes	347,906	333,986	–	–
Derivative financial liability	–	45,000	–	–
Secured Loan Notes	2,897,533	3,397,533	2,897,533	3,397,533
Other creditors	61,525	84,464	–	–
	<u>6,465,350</u>	<u>6,149,555</u>	<u>23,584,742</u>	<u>23,832,585</u>

Loan notes are secured by way of fixed and floating charges over the assets of the company. Interest on these loan notes have been waived.

19. Provisions

Group	Deferred tax (note 20) £
At 1st April 2019	6,907
Additions	1,673
At 31st March 2020	<u>8,580</u>

The company does not have any provisions.

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Included in provisions (note 19)	<u>8,580</u>	<u>6,907</u>	<u>–</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Accelerated capital allowances	<u>8,580</u>	<u>6,907</u>	<u>–</u>	<u>–</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £53,100 (2019: £55,094).

Leonardo Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2020

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Recognised in other operating income: Government grants recognised directly in income	<u>15,216</u>	<u>—</u>	<u>—</u>	<u>—</u>

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Financial assets measured at fair value through profit or loss	<u>213,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	<u>—</u>	<u>45,000</u>	<u>—</u>	<u>—</u>

24. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary A shares of £0.01 each	<u>15,748</u>	<u>157</u>	<u>15,748</u>	<u>157</u>
Ordinary B shares of £1 each	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
	<u>15,772</u>	<u>181</u>	<u>15,772</u>	<u>181</u>

Each share is entitled to one vote in any circumstances. Each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company.

Leonardo Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31st March 2020

25. Reserves

Merger deficit arising on consolidation - This reserve records the balance arising upon reconstruction of the group.

Called-up share capital - This reserve records the nominal value of shares that have been issued.

Profit and loss account - This reserve records all current and prior period retained profits and losses.

26. Analysis of changes in net debt

	At 1 Apr 2019	Cash flows	At 31 Mar 2020
	£	£	£
Cash at bank and in hand	379,799	130,351	510,150
Debt due within one year	(1,686,468)	(420,279)	(2,106,747)
	<u>(1,306,669)</u>	<u>(289,928)</u>	<u>(1,596,597)</u>

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	117,485	136,290	-	-
Later than 1 year and not later than 5 years	109,821	227,306	-	-
	<u>227,306</u>	<u>363,596</u>	<u>-</u>	<u>-</u>
Not later than 1 year			2020	2019
			£	£
Office			57,172	57,172
Cars			57,973	73,770
Photocopier			2,340	5,348
Total			<u>117,485</u>	<u>136,290</u>
Later than 1 year and not later than 5 years			2020	2019
			£	£
Office			91,475	148,647
Cars			18,346	76,319
Photocopier				2,340
Total			<u>109,821</u>	<u>227,306</u>

Leonardo Holdings Limited**Notes to the Financial Statements** *(continued)***Year ended 31st March 2020**

28. Contingencies

HM Revenue & Customs hold a guarantee in the sum of £400,000 in respect of duty. There have been no events which indicates any recalls to these guarantees.

29. Related party transactions**Group**

During the year, professional services amounting to £30,000 (2019: £30,000) were provided to the subsidiary company, Lesser & Pavey Ltd, by Shika Limited, a company in which Mr D H Fieldman, a director, has a material interest.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £245,440 (2019: £177,940).

Company

The company's subsidiary, Lesser & Pavey Ltd, has provided guarantees in respect of the loan notes issued to Mr R Pavey. At 31 March 2020, this amounted to £2,897,533 (2019 - £3,397,533) as shown in note 18 above. Mr R Pavey waived an equal amount of what is being repaid to him, so in the current year £250,000 of loan notes were repaid and equal of amount of £250,000 has been taken to profit and loss account and corporation tax provided.

The company has taken advantage of the exemption granted by paragraph 33.1(a) of FRS102, Related Party Disclosures, not to disclose transactions with group companies which are wholly owned subsidiaries of the group.

30. Controlling party

The company was under the control of Mr J A Hunt throughout the current and previous year. Mr J A Hunt is the managing director and majority shareholder.