

Company Registration No. 10617652 (England and Wales)

**LEEWAYS GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

# LEEWAYS GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr L A T Walding Mr A T G Walding Mr A J Walding Mrs L Walding
<b>Company number</b>	10617652
<b>Registered office</b>	Lobstock Churcham Gloucester United Kingdom GL2 8AN
<b>Auditor</b>	Azets Audit Services Pillar House 113-115 Bath Road Cheltenham Gloucestershire United Kingdom GL53 7LS

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# LEEWAYS GROUP LIMITED

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# LEEWAYS GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

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The directors present the strategic report for the year ended 30 June 2021.

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

We aim to present a balanced and comprehensive review of the development and performance of the group during the year and its position at the year end. Our review is consistent with the size and nature of the group and is written in the context of the risks and uncertainties we face.

The group has generated sales of £30.4m and profit before tax of £9.6m for the period. These results were in line with expectations.

The results for the financial year to 30 June 2021 reflect a strong performance, which is in line with expectations given the growing relationships with existing customers and acquisition of new customers. The group has secured contract wins which will ensure growth in core business moving forward.

Whilst the Coronavirus COVID-19 pandemic has presented significant challenges both operationally and financially for the core business, it has also presented significant opportunities in supplying alternative products and markets.

Significant investment has continued to be made in production machinery and sustainable initiatives during this period, which further increases the group's production capabilities as well as helping to reduce our carbon footprint in line with our Sustainability Pledge.

#### **Principal risks and uncertainties**

The board has assessed the key risks to the group as follows:

##### Market Risk

The board monitors the state of the market segments that affect the group and evolves the business strategy as required. The main risk that the group is exposed to is fluctuations in commodity prices.

Financial risks are detailed below.

The group's financial instruments comprise cash at bank, overdraft, bank loans, hire purchase contracts and various items such as trade debtors, trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise adequate finance for the group's operations.

The main risks arising from the group's financial instruments are interest rate fluctuations and liquidity risk. It is the group's policy to finance its operations through a mixture of cash and borrowings and to review periodically the mix of these instruments with regard to the projected cash flow requirements of the group and an acceptable level of risk exposure.

##### **Future developments**

The group continues to explore new business opportunities and continues to invest in warehouse and manufacturing facilities along with further production machinery to assist growth. The group is also looking at investments to enable the production of more sustainable products and investment in renewable energy sources to help to further reduce its carbon footprint.

##### **Key performance indicators**

Group sales for the year were £30,425,088 whilst profit before tax rose from £3,420,724 to £9,534,350, which has helped contribute towards an increase in net assets from £14,876,911 to £21,456,126.

##### **Research and development**

Research and development activities are ongoing to develop new products.

# LEEWAYS GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2021*

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On behalf of the board

Mr A J Walding

**Director**

23 December 2021

# LEEWAYS GROUP LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their annual report and financial statements for the year ended 30 June 2021.

### Principal activities

The principal activity of the company and group continued to be that of the production and supply of plastic packaging goods, the manufacture of wooden components and the retail of timber, and ancillary services.

The principal activity of the company for the year under review was that of a holding company.

### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £874,654. The directors do not recommend payment of a further dividend.

### Directors

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

Mr L A T Walding  
Mr A T G Walding  
Mr A J Walding  
Mrs L Walding

### Statement of directors' responsibilities

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risks and future developments.

# LEEWAYS GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2021*

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### Statement of disclosure to auditor

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

On behalf of the board

Mr A J Walding

**Director**

23 December 2021

# LEEWAYS GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LEEWAYS GROUP LIMITED

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#### Opinion

We have audited the financial statements of Leeways Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 30 June 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



# LEEWAYS GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LEEWAYS GROUP LIMITED

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

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

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

### 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 and the directors' report.

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

- adequate accounting records have not been kept 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.

### 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 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# LEEWAYS GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LEEWAYS GROUP LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **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.

**Claire Clift (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

23 December 2021

**Chartered Accountants**  
**Statutory Auditor**

Pillar House  
113-115 Bath Road  
Cheltenham  
Gloucestershire  
United Kingdom  
GL53 7LS

# LEEWAYS GROUP LIMITED

## GROUP STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	30,425,088	22,710,183
Change in stocks of finished goods and in work in progress		5,554	(40,366)
Other operating income		132,421	62,874
Raw materials and consumables		(10,353,029)	(10,963,109)
Other external expenses		(3,259,141)	(1,915,763)
Staff costs	<b>5</b>	(2,882,790)	(2,643,227)
Depreciation and other amounts written off tangible and intangible fixed assets	<b>4</b>	(1,387,317)	(1,182,733)
Other operating expenses		(3,088,752)	(2,522,128)
<b>Operating profit</b>	<b>4</b>	9,592,034	3,505,731
Interest receivable and similar income	<b>7</b>	4,790	5,122
Interest payable and similar expenses	<b>8</b>	(62,474)	(90,129)
<b>Profit before taxation</b>		9,534,350	3,420,724
Tax on profit	<b>9</b>	(2,080,481)	(473,640)
<b>Profit for the financial year</b>	<b>26</b>	7,453,869	2,947,084
Retained earnings brought forward		5,421,911	2,849,827
Dividends		(874,654)	(375,000)
Retained earnings carried forward		12,001,126	5,421,911

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# LEEWAYS GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	11	4,336,675		4,607,717	
Tangible assets	12	10,093,389		8,329,820	
		<u>14,430,064</u>		<u>12,937,537</u>	
<b>Current assets</b>					
Stocks	16	2,196,674		1,289,551	
Debtors	17	10,961,324		7,820,505	
Cash at bank and in hand		2,237,814		1,774,872	
		<u>15,395,812</u>		<u>10,884,928</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(5,880,901)</u>		<u>(6,125,663)</u>	
<b>Net current assets</b>			9,514,911		4,759,265
<b>Total assets less current liabilities</b>			<u>23,944,975</u>		<u>17,696,802</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(1,523,479)		(2,370,771)
<b>Provisions for liabilities</b>					
Deferred tax liability	23	965,370		449,120	
		<u>(965,370)</u>		<u>(449,120)</u>	
<b>Net assets</b>			<u>21,456,126</u>		<u>14,876,911</u>
<b>Capital and reserves</b>					
Called up share capital	25	9,455,000		9,455,000	
Profit and loss reserves	26	12,001,126		5,421,911	
<b>Total equity</b>			<u>21,456,126</u>		<u>14,876,911</u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2021 and are signed on its behalf by:

Mr A J Walding  
Director

# LEEWAYS GROUP LIMITED

## COMPANY BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investments	13		14,694,253		14,694,253
<b>Current assets</b>					
Cash at bank and in hand			103		133
<b>Creditors: amounts falling due within one year</b>	18	(761,627)		(758,837)	
<b>Net current liabilities</b>			(761,524)		(758,704)
<b>Total assets less current liabilities</b>			13,932,729		13,935,549
<b>Creditors: amounts falling due after more than one year</b>	19		(1,319,378)		(1,786,016)
<b>Net assets</b>			12,613,351		12,149,533
<b>Capital and reserves</b>					
Called up share capital	25		9,455,000		9,455,000
Profit and loss reserves	26		3,158,351		2,694,533
<b>Total equity</b>			12,613,351		12,149,533

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,338,472 (2020 - £1,122,537 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 December 2021 and are signed on its behalf by:

Mr A J Walding  
Director

Company Registration No. 10617652

# LEEWAYS GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	11,238,392	2,481,700
Interest paid		(62,474)	(90,129)
Income taxes paid		(2,028,882)	(142,699)
<b>Net cash inflow from operating activities</b>		9,147,036	2,248,872
<b>Investing activities</b>			
Purchase of tangible fixed assets		(2,879,844)	(2,256,527)
Proceeds on disposal of tangible fixed assets		-	89,000
Interest received		4,790	5,122
<b>Net cash used in investing activities</b>		(2,875,054)	(2,162,405)
<b>Financing activities</b>			
Proceeds of new bank loans		-	400,000
Repayment of bank loans		(858,759)	(444,868)
Payment of finance leases obligations		(390,534)	(430,534)
Invoice discounting receipts/(repayments)		(3,857,571)	1,793,260
Amounts introduced by directors		667,643	413,450
Amounts withdrawn by directors		(495,165)	(578,642)
Dividends paid		(874,654)	(375,000)
<b>Net cash (used in)/generated from financing activities</b>		(5,809,040)	777,666
<b>Net increase in cash and cash equivalents</b>		462,942	864,133
Cash and cash equivalents at beginning of year		1,774,872	910,739
<b>Cash and cash equivalents at end of year</b>		2,237,814	1,774,872

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

#### Company information

Leeways Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Lobstock, Churcham, Gloucester, United Kingdom, GL2 8AN.

The group consists of Leeways Group Limited and all of its subsidiaries.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The parent company and its subsidiaries are qualifying entities for the purposes of FRS 102, being members of this group which prepares publicly available consolidated financial statements, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The parent company and its subsidiaries have therefore taken advantage of exemptions from the following disclosure requirements for parent company and subsidiary company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company Leeways Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

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

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover is recognised when the terms of the contract with the customer have been fulfilled. When this is before an invoice has been raised, the value of work done at the year end is taken to accrued income.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.7 Tangible fixed assets

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



# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
Improvements to property	over the period of the lease
Plant and equipment	10 - 50% on cost
Fixtures and fittings	25 - 33% on cost
Motor vehicles	25% on cost

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

The group has applied the FRS 102 Triennial Review 2017 amendments in relation to properties rented to other group entities and has elected to apply the cost model, using the fair value of the properties at 1 July 2016 as deemed cost. Therefore, properties previously shown as investment properties are now recorded as freehold properties, with depreciation being applied.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

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

#### 1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

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

#### 1.10 Stocks

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

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

#### 1.11 Financial instruments

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

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

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

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

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

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

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

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

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

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

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **1.12 Equity instruments**

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

#### **1.13 Taxation**

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

#### 1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when it is not probable that there will be an outflow of resources or the amount cannot be reliably estimated, or when the existence of the contingent liability will only be confirmed by the occurrence or non-occurrence of future events which are outside the control of the company. Contingent liabilities are disclosed in the financial statements unless the probability of the outflow of resource is remote.

#### 1.15 Employee benefits

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

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

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

#### 1.16 Retirement benefits

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

#### 1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

#### 1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.19 Foreign exchange

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

#### 1.20 Distribution to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's. These amounts are recognised in the statement of changes in equity.

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical judgements

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

#### *Useful lives of intangible and tangible assets*

The annual amortisation and depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful lives and residual values are re-assessed at each reporting date. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

#### *Freehold property*

Upon application of the FRS 102 Triennial Review 2017 amendment, freehold properties previously classified as investment properties have been recognised as freehold properties at deemed cost based on their fair value at transition. Advice was sought from an independent property consultant in order to arrive at fair value.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	30,296,408	22,452,106
Rest of World	128,680	258,077
	<u>30,425,088</u>	<u>22,710,183</u>

### 4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(104)	-
Depreciation of owned tangible fixed assets	842,457	630,175
Depreciation of tangible fixed assets held under finance leases	273,818	306,516
Profit on disposal of tangible fixed assets	-	(25,000)
Auditors remuneration	5,600	5,450
Amortisation of intangible assets	271,042	271,042
Operating leases - property	529,010	314,037
Operating leases - other	52,939	48,649
	<u>2,234,362</u>	<u>1,574,379</u>

### 5 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Directors	4	4	4	4
Sales	5	5	-	-
Administration	17	16	-	-
Production	72	67	-	-
	<u>98</u>	<u>92</u>	<u>4</u>	<u>4</u>

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,487,919	2,217,733	-	-
Social security costs	233,184	219,416	-	-
Pension costs	161,687	206,078	-	-
	<u>2,882,790</u>	<u>2,643,227</u>	<u>-</u>	<u>-</u>

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	129,688	129,067
Company pension contributions to defined contribution schemes	12,667	64,000
	<u>142,355</u>	<u>193,067</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 4).

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	4,790	5,122
	<u>4,790</u>	<u>5,122</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	42,486	60,586
Interest on finance leases and hire purchase contracts	19,988	29,543
	<u>62,474</u>	<u>90,129</u>

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,600,075	469,921
Adjustments in respect of prior periods	(35,844)	(129,399)
	<u>1,564,231</u>	<u>340,522</u>

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 9 Taxation (Continued)

	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	304,792	133,118
Changes in tax rates	211,612	-
Adjustment in respect of prior periods	(154)	-
Total deferred tax	516,250	133,118
Total tax charge	2,080,481	473,640

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

	2021 £	2020 £
Profit before taxation	9,534,350	3,420,724
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,811,527	649,938
Tax effect of expenses that are not deductible in determining taxable profit	28,281	3,587
Amortisation on assets not qualifying for tax allowances	-	51,498
Over provided in prior years	(35,844)	(129,399)
Deferred tax adjustments in respect of prior years	(154)	-
Under provided in current year	2,729	-
Other items including effect of rate changes	338,308	46
Research and development and other tax incentives	(156,948)	(85,500)
Accelerated capital allowances	92,582	(16,530)
Taxation charge	2,080,481	473,640

### 10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	874,654	375,000



# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 July 2020 and 30 June 2021	5,420,843
<b>Amortisation and impairment</b>	
At 1 July 2020	813,126
Amortisation charged for the year	271,042
At 30 June 2021	1,084,168
<b>Carrying amount</b>	
At 30 June 2021	4,336,675
At 30 June 2020	4,607,717

The company had no intangible fixed assets at 30 June 2021 or 30 June 2020.

Amortisation for intangible fixed assets is included within the depreciation charge in the group statement of comprehensive income.

### 12 Tangible fixed assets

Group	Freehold land and buildings £	Improvements to property £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 July 2020	2,787,279	752,174	11,727,260	-	248,202	15,514,915
Additions	41,363	323,112	2,410,778	17,550	87,041	2,879,844
At 30 June 2021	2,828,642	1,075,286	14,138,038	17,550	335,243	18,394,759
<b>Depreciation and impairment</b>						
At 1 July 2020	207,470	234,380	6,567,867	-	175,378	7,185,095
Depreciation charged in the year	67,721	88,033	924,840	2,787	32,894	1,116,275
At 30 June 2021	275,191	322,413	7,492,707	2,787	208,272	8,301,370
<b>Carrying amount</b>						
At 30 June 2021	2,553,451	752,873	6,645,331	14,763	126,971	10,093,389
At 30 June 2020	2,579,809	517,794	5,159,393	-	72,824	8,329,820

The company had no tangible fixed assets at 30 June 2021 or 30 June 2020.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and equipment	1,134,146	1,407,963	-	-

Tangible fixed assets are pledged as security for the group's bank loans under a fixed and floating charge.

Freehold property was valued on an open market basis on 30 June 2017 by the directors. Advice was sought from an independent property consultant. Refer to note 2 for full detail.

If freehold property had not been revalued it would have been included at historical costs of £2,852,846 (2020: £2,811,483) less depreciation of £1,385,582 (2020: £1,315,958).

### 13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	14,694,253	14,694,253

#### Movements in fixed asset investments

##### Company

Shares in  
subsidiaries  
£

##### Cost or valuation

At 1 July 2020 and 30 June 2021

14,694,253

##### Carrying amount

At 30 June 2021

14,694,253

At 30 June 2020

14,694,253

## LEEWAYS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

#### 14 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Leeways Holdings Limited	Lobstock, Churcham, Gloucester, Gloucestershire, GL2 8AN	Holding Company	Ordinary	100	0
Leeways Joinery Limited	Lobstock, Churcham, Gloucester, Gloucestershire, GL2 8AN	Production of wooden components & joinery	Ordinary	0	100
Leeways Packaging Services Limited	Lobstock, Churcham, Gloucester, Gloucestershire, GL2 8AN	Production & supply of plastic packaging	Ordinary	0	100
Kalex Films Limited	Lobstock, Churcham, Gloucester, Gloucestershire, GL2 8AN	Production of plastic	Ordinary	0	100

Leeways Packaging Services Limited, Leeways Joinery Limited and Kalex Films Limited are 100% owned subsidiaries of Leeways Holdings Limited, therefore the effective interest that Leeways Group Limited holds is 100%.

The above undertakings are all registered in England and Wales.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 15 Financial instruments

The fair value of financial assets and liabilities is not deemed to be materially different to amortised cost. As such, no fair value gains or losses have been recognised.

The company had financial assets carried at amortised cost as at 30 June 2021 of £103 (2020: £133). The company also had financial liabilities carried at amortised cost as at 30 June 2021 of £2,081,005 (2020: £2,543,653).

The group had financial assets carried at amortised cost as at 30 June 2021 of £12,835,301 (2020: £8,594,462). The group also had financial liabilities carried at amortised cost as at 30 June 2021 of £6,954,754 (2020: £7,107,069).

All subsidiary companies have taken exemption from the requirements of FRS 102 Section 11 Financial Instruments paragraphs 11.39 to 11.48A.

### 16 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	2,003,676	1,129,651	-	-
Work in progress	7,811	3,500	-	-
Finished goods and goods for resale	185,187	156,400	-	-
	<u>2,196,674</u>	<u>1,289,551</u>	<u>-</u>	<u>-</u>

The total carrying amount of stock is pledged as security for the group's bank loans under a fixed and floating charge.

### 17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Amounts falling due within one year:</b>				
Trade debtors	5,446,624	5,010,222	-	-
Amounts owing under invoice discounting arrangements	2,960,489	-	-	-
Corporation tax recoverable	235,230	-	-	-
Other debtors	77,664	35,560	-	-
Prepayments and accrued income	2,241,317	2,774,723	-	-
	<u>10,961,324</u>	<u>7,820,505</u>	<u>-</u>	<u>-</u>

Included within trade debtors are balances of £4,780,056 (2020: £4,579,020) that are subject to invoice discounting arrangements.

All debtor balances held by the group are pledged as security for the group's bank loans under a fixed and floating charge.

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	466,814	858,935	466,814	458,935
Obligations under finance leases	21	380,665	390,545	-	-
Amounts owed under invoice discounting arrangements		-	897,081	-	-
Trade creditors		3,971,468	3,108,639	9,600	7,200
Amounts owed to group undertakings		-	-	279,213	285,502
Corporation tax payable		85,500	314,921	-	-
Other taxation and social security		364,126	177,364	-	1,200
Other creditors		431,785	185,327	-	-
Accruals and deferred income		180,543	192,851	6,000	6,000
		<u>5,880,901</u>	<u>6,125,663</u>	<u>761,627</u>	<u>758,837</u>

Amounts owed under invoice discounting arrangements contain a fixed and floating charge over all assets of the group. The maximum extent of this facility is £3,000,000 (2020: £3,000,000), with a notice period of three months.

This facility is subject to the following charges:

- Discount charge - 1.89% above base rate
- Annual minimum fee - £14,000
- Service fee - 0.12%

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	1,319,378	1,786,016	1,319,378	1,786,016
Obligations under finance leases	21	204,101	584,755	-	-
		<u>1,523,479</u>	<u>2,370,771</u>	<u>1,319,378</u>	<u>1,786,016</u>

### 20 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	<u>1,786,192</u>	<u>2,644,951</u>	<u>1,786,192</u>	<u>2,244,951</u>
Payable within one year	466,814	858,935	466,814	458,935
Payable after one year	<u>1,319,378</u>	<u>1,786,016</u>	<u>1,319,378</u>	<u>1,786,016</u>

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 20 Loans and overdrafts

(Continued)

Bank loans are secured by a fixed and floating charge over the assets of the group, together with an unlimited multilateral guarantee. Refer to the contingent liabilities note for details.

During the period ended 30 June 2018, the company entered into two bank loan agreements, the main conditions of which are set out below.

#### Loan 1      Loan 2

Principal loan amount	£1,820,000	£1,680,000
Interest rate	Base rate + 1.8%	Base rate + 1.8%
Final repayment date	July 2032	July 2022
Instalments	£11,752.11	£29,715.17

### 21 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	390,461	410,525	-	-
In two to five years	206,816	597,275	-	-
	597,277	1,007,800	-	-
Less: future finance charges	(12,511)	(32,500)	-	-
	584,766	975,300	-	-

The hire purchase and finance lease obligations are secured over the assets to which they relate. Interest rates underlying all obligations under finance leases are fixed at respective contract rates ranging from 1.18% to 5.19%. Amounts are repayable by monthly instalments and are all due by 30 September 2023.

### 22 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Deferred tax liabilities	965,370	449,120	-	-
	965,370	449,120	-	-

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Group</b>		
Accelerated capital allowances	965,370	449,120

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Liability at 1 July 2020	449,120	-
Charge to profit or loss	306,587	-
Effect of change in tax rate - profit or loss	211,612	-
Liability at 30 June 2021	967,319	-

An increase in the main rate of UK Corporation Tax from 19% to 25% from 1 April 2023 was substantively enacted on 10 June 2021, when Finance Act 2021 received Royal Assent. Although this change is not currently in force, a rate of 25% has been used for purposes of providing for the effects of deferred taxation, on the basis that this rate had been enacted at the Balance Sheet date. In the previous period, provision for deferred taxation was made at a rate of 17%, as the legislation reversing the previously announced reduction to 17% was not substantively enacted until 22 July 2020, after the previous Balance Sheet date.

### 24 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	161,687	206,078

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 25 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
A Ordinary of £1 each	5,455,000	5,455,000	5,455,000	5,455,000
B Ordinary of £1 each	2,636,000	2,636,000	2,636,000	2,636,000
C Ordinary of £1 each	1,364,000	1,364,000	1,364,000	1,364,000
	9,455,000	9,455,000	9,455,000	9,455,000

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 25 Share capital

(Continued)

Called up share capital represents the nominal value of shares that have been issued.

Ordinary A shares and Ordinary C shares hold voting rights.

Ordinary B shares hold no voting rights. These shares also hold certain preferential rights on a capital distribution. On a share sale or listing, they shall only be entitled to the nominal value of these shares.

### 26 Profit and loss reserves

	Group 2021 £	2020 £	Company 2021 £	2020 £
At the beginning of the year	5,421,911	2,849,827	2,694,533	1,946,996
Profit for the year	7,453,869	2,947,084	1,338,472	1,122,537
Dividends	(874,654)	(375,000)	(874,654)	(375,000)
At the end of the year	12,001,126	5,421,911	3,158,351	2,694,533

Retained earnings include all current and prior period retained profits and losses.

### 27 Contingent liabilities

The company is part of a multilateral guarantee in favour of the bank involving all group companies. At 30 June 2021 the maximum extent of this guarantee amounted to £Nil (2020: £1,297,081).

The company is included within a group VAT registration scheme, which incorporates the company and its subsidiaries. As such the company is jointly and severally liable for the amounts owed by the other companies at the balance sheet date. At 30 June 2021 this amounted to £334,278 (2020: £128,393).

### 28 Operating lease commitments

#### Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	426,865	560,095	-	-
Between two and five years	1,245,784	1,496,528	-	-
In over five years	368,370	460,463	-	-
	2,041,019	2,517,086	-	-



# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 29 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	142,355	260,898

#### Transactions with related parties

##### Other information

At the period end, the group owed £238,459 (2020: £65,981) to directors which is included within other creditors.

The amounts outstanding in relation to loans from other shareholders was £180,897 (2020: £108,847), which is included within other creditors.

Dividends totalling £874,654 (2020: £375,000) have been paid to directors and their close family members during the period.

Total remuneration paid to close family members for the period was £17,012 (2020: £28,870).

Amounts totalling £42,089 (2020: £45,021) and £Nil (2020: £10,000) respectively have been paid and received on behalf of Leeways Executive Pension Plan, an entity in which two of the directors are trustees.

Included within other operating expenses is £227,888 (2020: £12,345) of rent due to this entity.

At the period end, the group was owed £77,110 (2020: £35,021) from this entity, which is included within other debtors. This amount is unsecured, interest free and has no specified repayment date.

There is no ultimate controlling party.

### 30 Capital commitments

As at 30 June 2021 the group had total capital commitments of £Nil (2020: £1,983,323).

# LEEWAYS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 31 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	7,453,869	2,947,084
<b>Adjustments for:</b>		
Taxation charged	2,080,481	473,640
Finance costs	62,474	90,129
Investment income	(4,790)	(5,122)
Gain on disposal of tangible fixed assets	-	(25,000)
Amortisation and impairment of intangible assets	271,042	271,042
Depreciation and impairment of tangible fixed assets	1,116,275	936,691
<b>Movements in working capital:</b>		
Increase in stocks	(907,123)	(26,665)
Decrease/(increase) in debtors	32,594	(999,889)
Increase/(decrease) in creditors	1,133,570	(1,180,210)
<b>Cash generated from operations</b>	<b>11,238,392</b>	<b>2,481,700</b>

During the period, the group entered into hire purchase agreements in respect of assets with a total capital value at inception of the lease of £Nil (2020: £24,000).

### 32 Analysis of changes in net funds/(debt) - group

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	1,774,872	462,942	2,237,814
Borrowings excluding overdrafts	(2,644,951)	858,759	(1,786,192)
Obligations under finance leases	(975,300)	390,534	(584,766)
Invoice discounting arrangements	(67,908)	964,088	896,180
	<b>(1,913,287)</b>	<b>2,676,323</b>	<b>763,036</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.