

**Lewmar Limited**

**Annual Report and Financial Statements**

**Year Ended 31 December 2020**

**Registered Number 620277**



**LEWMAR LIMITED**  
**Year ended 31 December 2020**

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# **LEWMAR LIMITED**

**Year ended 31 December 2020**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

B Hall  
J Lippert  
J Menefee  
A Namenye  
P Tierney

### **REGISTERED OFFICE**

Southmoor Lane  
Havant  
Hants  
PO9 1JJ

### **BANKERS**

Bank of Scotland  
167-201 Argyle Street  
Glasgow  
G2 8BU

### **INDEPENDENT AUDITOR**

BDO LLP  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO14 3TL

## **STRATEGIC REPORT**

### **PRINCIPAL ACTIVITIES**

Lewmar is one of the world's premier leisure marine equipment suppliers with the Lewmar brand a widely recognised name in recreational boating deck equipment. Lewmar sells directly to leisure boat original equipment manufacturers (OEMs) and through a worldwide network of agents and distributors. The principal activity of the Company is the design, manufacture and distribution of winches, hatches, portlights, deck hardware, anchoring and windlass products, thrusters and steering gear to the world's powerboat and sailboat building industry.

### **BUSINESS REVIEW**

The year saw the global economic and social impact of the COVID-19 pandemic. During this unprecedented crisis, the health and safety of our team members remained our top priority.

The initial impact of the pandemic saw a sharp downturn in demand as many customers temporally suspended operations. In response to this downturn a number of staff were furloughed and the company took advantage of the Government Coronavirus Job Retention Scheme ("CJRS") to recover an element of these costs. As demand recovered the company was able to flex the workforce whilst still taking advantage of the Government CJRS.

At the same time, we took the necessary steps to mitigate the long-term impact of this prolonged macro-economic uncertainty on our business stemming from the COVID-19 pandemic. As a result, we took substantial actions in response to this rapidly changing environment, including rightsizing the workforce to match the current demand levels, delaying non-essential capital expenditures, and eliminating discretionary spending. We believe these steps were critical to maintaining a strong and flexible financial position.

Post the initial lockdown demand for the company's products has recovered substantially and activity has returned to more normal levels.

The company's turnover decreased by 23% to £33.8m (2019: £43.6m), the decline in the year being attributable to the impact of the COVID-19 pandemic. The company's operating profit of £1.3m (2019: £3.3m) decreased by 62% compared to the previous year, this downturn was caused by the COVID-19 pandemic as sales volumes significantly dropped and additional costs were incurred in taking corrective actions to mitigate the long-term impact of the pandemic.

On the 12 May 2020 the Company was released by deed from an obligation to pay or otherwise settle, for no consideration, an amount due to a fellow group undertaking of £4,500,000.

### **Key Performance Indicators**

We have a large number of detailed measures, which we use to manage the business but as with most businesses we focus on the Profit and Loss Account at the top level on sales, margins, people numbers and overheads compared to budget and the prior year. In the balance sheet we manage working capital and debt.

### **Sales and Operations**

The impact of COVID-19 saw a decrease in sales in both of our main geographical markets, the UK/Europe and the US. In the UK and European market total sales decrease was 26%, whilst the US market fared slightly better with the decrease being only 9%. Although we have seen decreases in sales volumes, due to the pandemic, we believe our market share in all markets has been maintained. This places us in a strong position as the market begins to recover.

Within our manufacturing and logistics operations we remained focussed on running effectively and efficiently with efforts directed towards on time delivery and the management of inventory at optimum levels.

We would like to thank all employees for their hard and diligent work throughout a very challenging year. Our customers in the leisure marine market have high expectations of the product and service that we provide and it is the commitment, support and effort of our employees that enables us to meet and exceed these expectations.

## **LEWMAR LIMITED**

**Year ended 31 December 2020**

### **STRATEGIC REPORT (Continued)**

#### **FINANCIAL RISK MANAGEMENT POLICIES AND PROCEDURES**

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

The company operates in the leisure market, which runs the risk of a reduction in discretionary consumer demand. The Board are cognisant of potential impacts on the leisure marine market of macro-economic and political factors ranging from potential trade tariff issues to Brexit and the future trading arrangements between the UK and the EU. Our policy is to have a correctly structured and financed business that can respond to events based on known facts as they become clear.

In addition the company makes 85% of its sales outside of the UK yet has the majority of its cost base in sterling. The management of the risk created by this is performed at the UK group level, by Lewmar Marine Limited, by means of the group policy to eliminate the main portion of its net currency exposure up to twenty four months ahead through forward currency contracts.

We have many overheads that are semi-fixed making rapid fluctuations in demand difficult to manage and the business is notably seasonal with significantly higher sales in the first half of the calendar year.

##### **Information on exposure to price risk, credit risk, liquidity risk and cash flow risk**

###### ***Price risk***

The company uses many materials and components in the production of its products. The company controls the price risk of these items by dual sourcing, competitive quoting and where applicable the use on bulk purchase orders.

###### ***Interest rate risk***

Interest rate risk is managed at the UK group level, by Lewmar Marine Limited, by the group borrowing in desired currencies at both fixed and floating rates of interest. The group also considers the use, where appropriate, of interest rate caps and collars to manage the Group's exposure to interest rate fluctuations.

###### ***Credit risk***

The company is exposed to the risk of late or non-payment by customers, this credit risk is managed by the use of credit checks on new customers and credit insurance.

###### ***Liquidity and Cash flow risk***

The banking facilities are controlled at the UK group level by Lewmar Marine Limited. At the UK Group level, the Group's policy has, throughout the period, been to ensure continuity of funding. Overdraft facilities and the use of a revolving credit facility achieve short-term flexibility. The banking facilities afforded to the UK Group during the year consisted of short term facilities provided by the Bank of Scotland. The facility provided sufficient levels of financing and were sufficiently flexible to ensure the business was adequately financed throughout the year. Liquidity risk at the company level is managed by careful cash flow planning and forecasting.

#### **LIKELY FUTURE DEVELOPMENTS IN THE BUSINESS OF THE COMPANY**

Post year end we have seen a strong start to the new year with revenues and profitability both exceeding expectations. Whilst the strong financial position is being maintained.

The LCI Industries group as a whole also maintains a strong financial position supported by ample liquidity, with a current net debt position of \$730 million, net of \$63 million of cash available on its balance sheet and borrowing availability of \$292 million at March 31, 2021.

However, it is acknowledged that outbreak of COVID-19 is still having a profound impact on the global and UK economy and businesses, therefore, the directors have produced a detailed going concern working paper for the company for which further detail is given within note 1 to the financial statements. Having completed this process, the directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements.

## LEWMAR LIMITED

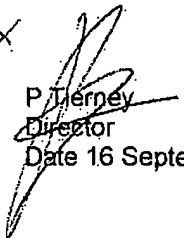
Year ended 31 December 2020

### STRATEGIC REPORT (Continued)

As can be seen from the above we do live in uncertain times and the potential impact of global economic and political events cannot be ignored. The consistent achievement over several years of good performance in the key metrics of sales, profitability and the reduction of bank debt to zero, sees the business in a significantly stronger position than a few years ago. As such, we will continue with our strategy of providing our customers with innovative, quality products, focussed on our primary aim of building the shareholder value of the business.

The product-led strategy of the business, responding quickly to changing market dynamics, will be continued as we move forward with the support of the LCI Industries group.

Approved by the Board of Directors and signed on Behalf of the Board

X   
P Tierney  
Director  
Date 16 September 2021

## **LEWMAR LIMITED**

**Year ended 31 December 2020**

### **STATEMENT BY THE DIRECTORS IN ACCORDANCE WITH THEIR STATUTORY DUTIES UNDER S172 (1) COMPANIES ACT 2006**

The Board of directors consider that they have acted in good faith to promote the success of the Company for the benefit of its shareholders as a whole, having regards to the stakeholders and matters set out in s172(1) of the Companies act 2006.

Our strategic engagement with our key stakeholders is set out below. Boardroom discussions consider the impact on these stakeholders of decisions which have a significant financial impact, are important to levels of employment and those which have an impact our customers and suppliers.

The Directors fulfil their duties through their delegation of decision making to the Management team of the Company. The following paragraphs summarise how the Directors fulfil their duties:

#### **People**

Lewmar values the contribution made by its employees and looks to provide opportunities for employees to grow and develop within the business. Through its parent company, LCI Industries, it carries out regular employee surveys aimed at measuring employee engagement and involvement in the business. The survey results are used by management to guide the way in which the company interacts with its employees and encourages communications through departmental management structures and employee representative groups.

#### **Customers**

Fulfilling the needs of our customers is one of the key priorities of the business. Working in partnership with our customers and developing products to meet their requirements ensures that the Company generates and maintains a market-leading reputation and position. By working closely with our customers we can understand longer term trends in our industry and ensure we respond to those trends early. The long term relationships that are developed are critical in ensuring the continued success of the business for the benefit of other key stakeholders, in particular the shareholders and the employees.

#### **Suppliers**

Our suppliers are an important and integral part of our business that allows us to meet our customer requirements. In our supply chain we work to establish long term supply relationships where the terms of trade are mutually agreed between the parties. We review regularly with our major suppliers the key elements of our relationships. This allows our suppliers to commit to the relationship and build a robust and reliable supply network in support of our business.

#### **Community**

The Company is very supportive of charitable activities undertaken by its employees and also supports participation in local community activities. Our parent company LCI Industries encourages employee involvement in the community through an Acts of Service program which focuses on supporting local community activities through volunteering.

## **DIRECTORS' REPORT**

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

### **Directors**

The Directors who served throughout the year and up the date of approving the financial statements were as follows:

B. Hall  
J Lippert  
J Menefee  
A. Namenyé  
P Tierney

### **Qualifying indemnity provisions**

The company holds insurance cover to protect Directors and Officers against liability arising from legal actions brought against them in the course of their duties.

### **Dividends**

The directors do not recommend the payment of a dividend for the year (2019: £nil).

### **Directors' report disclosures that have been included in the Strategic Report**

The following directors' report requirements have been included in the Strategic Report:

- Likely future developments in the business
- Financial risk management objectives and policies.

### **Post Balance Sheet Events**

There are no material post balance sheet events.

### **Research and Development**

We have continued to invest in the research and development of new and existing products.

### **Employee Involvement**

Employee involvement is fundamental to the company's success. The policy of regular meetings between management and employees and company newsletters, provides employees with information which encourages the free flow of information and ideas. Investment in training and development is actively encouraged for all levels of employees, as this is considered critical for the success of the Company. Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where an employee suffers disablement during service every effort is made to find alternative suitable employment in the Company.



## **LEWMAR LIMITED**

**Year ended 31 December 2020**

### **DIRECTORS' REPORT (Continued)**

In March 2020 the Covid-19 pandemic impacted the business as demand fell away sharply. As a direct result of this lack of demand the company placed a significant proportion of its employees on furlough, taking advantage of the UK Government Coronavirus Job Retention Scheme (CJRS). Through the period May to September employees were brought back to work and removed from the furlough scheme. The use of the scheme allowed us to retain key skills within the workforce and build capacity and output as customer demand returned.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

#### **Disclosure of information to the auditor**

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

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

#### **Independent auditor**

The auditor, BDO LLP is deemed to have been reappointed in accordance with Section 487 of the Companies Act 2006.

Approved by the Board of Directors and signed on Behalf of the Board



P. Tierney  
Director

Date 16 September 2021

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWMAR LIMITED**

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its 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.

We have audited the financial statements of Lewmar Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

**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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

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

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWMAR LIMITED (Continued)**

**Other Companies Act 2006 reporting**

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

*Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Company and considered only those laws and regulations which have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and the opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk were related to the posting of inappropriate journal entries to improve the result before tax for the year.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWMAR LIMITED (Continued)**

Procedures performed by the Company audit team included:

- Discussions with those charged with governance regarding known or suspected non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect fraud and irregularities;
- Evaluating journal entries with specific criteria which were processed during and after the Company's financial year end as part of our planned audit approach, and
- A detailed review and challenge of all material accounting estimates, including a review of related principles, methodology and key assumptions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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:

**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.

DocuSigned by:

*David T Anson*

David T Anson (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Southampton

Date September 2021

23 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OG305127).

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**STATEMENT OF COMPREHENSIVE INCOME**

		<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
<b>TURNOVER</b>	Notes 3	<b>33,785</b>	<b>43,632</b>
Cost of Sales		<b>(28,424)</b>	<b>(34,881)</b>
Gross Profit:		<b>5,361</b>	<b>8,751</b>
Distribution Costs		<b>(1,202)</b>	<b>(1,323)</b>
Administration Costs		<b>(4,277)</b>	<b>(4,098)</b>
Other Operating Income	7	<b>1,386</b>	<b>-</b>
<b>OPERATING PROFIT</b>	5	<b>1,268</b>	<b>3,330</b>
Interest payable and similar charges	6	<b>(294)</b>	<b>(349)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>974</b>	<b>2,981</b>
Tax on profit on ordinary activities	8	<b>84</b>	<b>(87)</b>
<b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>1,058</b>	<b>2,894</b>

The accompanying notes on pages 15 to 22 form part of these financial statements.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**Company number: 620277**  
**STATEMENT OF FINANCIAL POSITION**

		<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
	<b>Notes</b>		
<b>Fixed assets</b>			
Tangible assets	9	3,068	3,224
		<u>3,068</u>	<u>3,224</u>
<b>Current assets</b>			
Stock	10	5,575	6,032
Debtors	11	4,708	6,599
Cash at bank and in hand		8,592	5,228
		<u>18,875</u>	<u>17,859</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(12,013)</u>	<u>(16,585)</u>
<b>Net current assets</b>		<u>6,862</u>	<u>1,274</u>
<b>Total assets less current liabilities</b>		<u>9,930</u>	<u>4,498</u>
<b>Creditors: amounts falling due after one year</b>	13	(71)	(113)
<b>Provisions for liabilities</b>	14	(126)	(210)
<b>Net assets</b>		<u>9,733</u>	<u>4,175</u>
<b>Capital and Reserves</b>			
Called up share capital	15	75	75
Profit and loss account		9,658	4,100
Other Reserve		-	-
<b>Shareholders' funds</b>		<u>9,733</u>	<u>4,175</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 September 2021 and were signed on its behalf by:

  
P. Tierney  
Director

The accompanying notes on pages 15 to 22 form part of these financial statements.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**STATEMENT OF CHANGES IN EQUITY**

	Share capital £000	Other reserve £000	Profit and loss account £000	Total £000
At 1 January 2019	75	25	7,930	8,030
Profit for the year	-	-	2,894	2,894
Total comprehensive income for the year	-	-	2,894	2,894
Share based payments	-	(25)	26	1
Distribution to owners	-	-	(6,750)	(6,750)
Total contributions by and distributions to owners	-	(25)	(6,724)	(6,749)
At 31 December 2019	75	-	4,100	4,175
Profit for the year	-	-	1,058	1,058
Total comprehensive income for the year	-	-	1,058	1,058
Capital contribution	-	-	4,500	4,500
Total contributions by and distributions to owners	-	-	4,500	4,500
At 31 December 2020	75	-	9,658	9,733

The accompanying notes on pages 15 to 22 form part of these financial statements.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**

**1. Accounting Policies:**

**General information**

Lewmar Limited is a private company, limited by shares, which is incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on page 2. The nature of the company's operations and its principal activities can be found in the strategic report.

**Basis of preparation**

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

**Reduced disclosure exemption**

The company has taken advantage of the disclosure exemptions available in paragraph 1.12 of FRS 102 as the company meets the definition of a qualifying entity for the purposes of FRS 102.

The company is a member of the LCI Industries Group. LCI Industries prepares consolidated financial statements which are publicly available and the company is included in that consolidation.

**Going concern**

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of 12 months from the date of signing the accounts which show that the company is expected to be able to meet all its liabilities as they fall due.

However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the global and UK economy and businesses. The directors have produced a detailed going concern working paper for the company. This concludes that the company has sufficient headroom in its cash position to be able to continue operations based on business levels far below those currently predicted for some time. The company continues to enjoy the support of the LCI Industries group and has cash available on its balance sheet of over £7.0m at 31 May 2021.

The directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and the directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

**Turnover**

Turnover, which excludes applicable sales taxes, comprises sales of leisure marine equipment and related services. Turnover is recognised when substantially all the risks and rewards of ownership are transferred to the customer; normally this is on despatch.

**Tangible Fixed Assets**

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



**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**1. Accounting Policies (Continued):**

**Depreciation**

Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	-	10 years
IT equipment	-	4 years
Motor vehicles	-	4 years
Fixtures and fittings	-	10 years
Leasehold improvements	-	10 years

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and appropriate overhead expenditure. Net realisable value is defined as anticipated selling price less cost to completion.

**Taxation**

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

Current tax is measured at amounts expected to be paid using the tax rates and basis that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date on an undiscounted basis.

**Foreign Currency**

*(a) Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Research and Development**

Expenditure on research and development is written off as incurred.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**1. Accounting Policies (Continued):**

**Leased Assets**

Assets acquired under finance leases are included in tangible fixed assets and the outstanding future lease obligations are shown in creditors. Payments under operating leases are charged to revenue in the period which they are incurred. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

**Pension Commitments**

The Company operates Defined Contribution Personal Pension Plans. Contributions charged in the period in respect of contributions due to the schemes for the period are shown in Note 4.

**Warranties**

Warranties are given in the normal course of business with the liability for associated costs being based on an assessment of future claims with reference to past experience and are recorded within accruals. Management reflect current knowledge in assessing the level of accrual required.

**Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure. During the year income received from the Coronavirus Job Retention Scheme has been accounted for in accordance with the above.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

*Leases*

The determination of whether leases entered into by the company as a lessee are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

*Provisions*

The company has recognised provisions for impairment of inventories, impairment of trade receivables and warranty costs in its financial statements, which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

**3. Turnover**

Turnover consists entirely of sales of leisure marine equipment and services.

The analysis of turnover by destination is as follows:

	2020	2019
	£'000	£'000
United Kingdom	4,947	7,041
Rest of Europe	18,690	25,108
USA	7,010	7,672
Rest of World	3,138	3,811
	<hr/>	<hr/>
	33,785	43,632
	<hr/>	<hr/>

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**4. Staff costs**

The average number of people employed by the Company (including Directors) during the year was as follows:

	2020	2019
Production	225	252
Selling and Distribution	33	34
General and Administration	15	12
	<u>273</u>	<u>298</u>

The aggregate payroll costs comprise:

	2020 £'000	2019 £'000
Wages and Salaries	8,734	9,523
Social security costs	903	990
Pension costs	271	252
Share based payments	-	1
	<u>9,908</u>	<u>10,766</u>

Director's emoluments

	2020 £'000	2019 £'000
Aggregate emoluments	180	180

The directors are employed by Lewmar Marine Limited, which bears the costs of their total remuneration. Lewmar Marine Limited recharges the company a monthly management charge in respect of the services provided by the directors to the company and this amount is disclosed above.

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	34	45
Operating lease rentals - Plant and machinery	162	166
Operating lease rentals - Land and buildings	601	603
Depreciation - leased assets	28	64
Depreciation - owned assets	541	462
Loss/(Profit) on disposal of tangible assets	1	2
Redundancy costs	314	-
Reorganisation costs	-	49
Costs relating to the sale of the 'Lewmar' Group	-	160

**6. Interest payable and similar charges**

	2020 £'000	2019 £'000
Interest payable on bank loans and overdrafts	(7)	(60)
Interest payable to group companies	(280)	(280)
Finance lease interest payable	(7)	(9)
	<u>(294)</u>	<u>(349)</u>

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**7. Other Income**

	2020 £'000	2019 £'000
Coronavirus job retention government grant income	1,386	-

**8. Taxation**

	2020 £'000	2019 £'000
a) The tax (credit)/charge on ordinary activities comprise:		
<b>Current tax</b>		
UK Corporation tax on the profit for the period	-	-
Total current tax charge	-	-
<b>Deferred Tax</b>		
Origination and reversal of timing differences	(109)	95
Adjustment in respect of previous periods	-	2
Effect of changes in tax rates	25	(10)
Total deferred tax	(84)	87
Tax (credit)/charge on ordinary activities	(84)	87

b) The tax charge for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) and can be reconciled as follows:

	2020 £'000	2019 £'000
Profit on ordinary activities	974	2,981
Tax on profit on ordinary activities at standard rate of 19.00% (2019: 19.00%)	185	566
Effect of:		
Expenses not deductible for tax purposes	7	55
Effects of group relief/other relief	(271)	(529)
Transfer pricing adjustments	(30)	3
Adjustment from previous periods	-	2
Effect of rate changes arising on deferred tax	25	(10)
Tax (credit)/charge on ordinary activities	(84)	87

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**9. Tangible Fixed Assets**

	IT Equipment £'000	Leasehold improvements, fixtures and fittings £'000	Plant and vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2020	2,254	1,190	13,457	16,901
Additions	136	32	246	414
Disposals	-	-	(4)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>2,390</b>	<b>1,222</b>	<b>13,699</b>	<b>17,311</b>
<b>Depreciation</b>				
At 1 January 2020	2,079	710	10,888	13,677
Provision for year	68	65	436	569
Disposals	-	-	(3)	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>2,147</b>	<b>775</b>	<b>11,321</b>	<b>14,243</b>
<b>Net Book Value</b>				
At 31 December 2020	<b>243</b>	<b>447</b>	<b>2,378</b>	<b>3,068</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2020	175	480	2,569	3,224
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the amounts for plant and vehicles above is a cost of £283,000 (2019: £648,000), depreciation of £84,000 (2019: £203,000) and net book value of £199,000 (2019: £445,000) relating to assets held under finance leases.

**10. Stock**

	2020 £'000	2019 £'000
Raw materials and consumables	3,540	3,507
Work in progress	401	256
Finished goods	1,634	2,269
	<hr/>	<hr/>
	<b>5,575</b>	<b>6,032</b>
	<hr/>	<hr/>

**11. Debtors**

	2020 £'000	2019 £'000
Trade debtors	3,607	3,787
Other debtors	434	258
Prepayments and accrued income	201	335
Amounts owed by parent and fellow subsidiary undertakings	466	2,219
	<hr/>	<hr/>
	<b>4,708</b>	<b>6,599</b>
	<hr/>	<hr/>

All amounts shown under debtors fall for payment within one year.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**12. Creditors: Amounts falling due within one year**

	2020 £'000	2019 £'000
Trade creditors	4,384	4,689
Amounts owed to group undertakings	5,456	9,774
Other taxes & social security	237	272
Other creditors	831	1,000
Accruals and deferred income	1,063	799
HP and finance lease creditor	42	51
	<u>12,013</u>	<u>16,585</u>

The company has granted a charge over all of its assets to the group's bankers as security for the borrowings of the Lewmar Marine Limited Group.

The hire purchase and finance lease agreements are secured on the assets concerned.

**13. Creditors: Amounts falling due after one year**

	2020 £'000	2019 £'000
HP and finance lease creditor – due between one and two years	<u>71</u>	<u>113</u>

**14. Provision for Liabilities**

	Deferred Tax £'000
At 1 January 2020	210
Deferred tax credit to income statement in the period	(84)
<b>At 31 December 2020</b>	<u><b>126</b></u>

There are no liabilities for deferred taxation not provided for in the accounts. There are no potential deferred tax assets not recognised in the accounts.

**15. Called up Share Capital**

	2020 £'000	2019 £'000
80,000 Authorised Ordinary Shares of £1 each	80	80
75,000 Issued and fully paid Ordinary Shares of £1 each	<u>75</u>	<u>75</u>

**16. Reserves**

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

Other reserve represented the fair value of share based payments.

**LEWMAR LIMITED**  
**Year ended 31 December 2020**

**NOTES TO THE ACCOUNTS**  
**(Continued)**

**17. Leasing Commitments**

The company had minimum lease payments under non-cancellable operating leases as set out below:

	<b>Property</b>		<b>Plant &amp; Machinery</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	575	575	122	135
Between one and five years	1,135	1,491	138	171
After five years	983	1,202	-	5
	<b>2,693</b>	<b>3,268</b>	<b>260</b>	<b>311</b>

**18. Capital Commitments**

At the end of the period, capital commitments were:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Contracted but not provided for	120	108

**19. Pension Commitments:**

The Company operates defined contribution pension schemes. The total pension cost for the year ending 31 December 2020 amounted to £271,000 (2019: £252,000). There were outstanding pension contributions at 31 December 2020 of £39,000 (2019: £46,000).

**20. Contingent Liabilities:**

The company has contingent liabilities in respect of guarantees given to the Bank of Scotland for overdrafts arising within Group companies of £205,000 (2019: £1,916,000).

**21. Ultimate Parent Undertaking:**

LCI Industries, a company registered in the United States of America, is the company's ultimate parent undertaking and the largest group to consolidate these accounts. Copies of LCI Industries accounts can be obtained from the LCI Industries website at:

<https://investors.lci1.com/financials/annual-reports/default.aspx>

**22. Related Party Transactions:**

The company has taken advantage of the exemption available in accordance with FRS 102 section 33.1A 'Related party disclosures' not to disclose transactions entered into between two or more members of the group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.