

Company Registration No. 03932453 (England and Wales)

ASHLEA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2019

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ASHLEA LIMITED

COMPANY INFORMATION

Directors	Mr M S Carney Mr R D Ford Mr B J Tyrer Mr P Jeffreys Mr D P Carney Mr W Dand Mr G Knowles Mr C H Morgan Mr S G Simpson Mr D Butterworth
Secretary	Mr P Jeffreys
Company number	03932453
Registered office	Scotland Road Carnforth Lancashire LA5 9RE
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
Business address	Scotland Road Carnforth Lancashire LA5 9RE

ASHLEA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2019

The directors present the strategic report for the year ended 31 July 2019.

Fair review of the business

The company's principal activity is that of contract landscaping work. During the year the company has continued to run its operations through the progression of ongoing contracts and the undertaking of additional contracts. Turnover increased by around 5% on the previous year and the gross profit margin increased to 23.4% compared to 20.4% in the prior year. The company recently carried out a thorough review and overhaul of its tendering methodology, resulting in more robust and meaningful pricing systems. The results of this review are now being seen through the increase in gross profit margin. The directors are of the strong belief that the performance of the business will continue to progress into the future and that the contracts in place will aid the future profitability of the company.

Principal risks and uncertainties

The directors have assessed the main risk facing the company as being the continuation of a prolonged weakness in the UK economy. The directors believe that the strength of customer relationships and the strength of the company's financial position will help to mitigate the risk and enable the company to take advantage of the upturn when it comes. The company has no external borrowings other than loan notes so do not consider there are any risks associated with financing.

Covid 19

The company continues to address the impact of Covid-19 on the business. Whilst the ongoing situation presents a number of challenges and uncertainties, the directors consider these on a regular basis and have prepared forecasts modelling scenarios which demonstrate that the company should be able to continue to operate as a going concern for the foreseeable future.

The pandemic has not had any significant impact on the operations of the company at the time of approving the financial statements. The Directors have identified measures which could be taken to mitigate any adverse financial impact of the outbreak, at the same time as delivering against the current strategy in the most appropriate way given the current control measure introduced by the government following the outbreak.

The company continues to address the impact of Covid-19 on the business. Whilst the ongoing situation presents a number of challenges and uncertainties, the directors consider these on a regular basis and have prepared forecasts modelling scenarios which demonstrate that the company should be able to continue to operate as a going concern for the foreseeable future.

The pandemic has not had any significant impact on the operations of the company at the time of approving the financial statements. The Directors have identified measures which could be taken to mitigate any adverse financial impact of the outbreak, at the same time as delivering against the current strategy in the most appropriate way given the current control measure introduced by the government following the outbreak.

Development and performance

At the year end, the company had shareholders' funds of £1,326,034 (2018: £891,854) including distributable profits of £1,276,033 (2018: £841,853). The directors therefore believe the company's position to be strong, especially as the company's current assets exceed its current liabilities by £1,031,613 (2018: £645,992). The cash position has improved by £314,677 to £1,319,869. The company continue to look towards widening the customer base and strive to ensure that good customer service continues to be offered.

Key performance indicators

The directors continually monitor the performance of the company against an annual financial plan, including the ratios and indicators referenced above, principally turnover, gross margin and cash generation.

ASHLEA LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

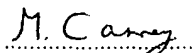
Financial risk management policy

The company finances its operations through retained profits.

The management's objectives are to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds.

The company makes little use of financial instruments other than an operational bank accounts and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

On behalf of the board



Mr M S Carney
Director

Date: 24/07/2020

ASHLEA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2019

The directors present their annual report and financial statements for the year ended 31 July 2019.

Principal activities

The principal activity of the company is that of contract landscaping work.

Directors

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

Mr M S Carney
Mr R D Ford
Mr B J Tyrer
Mr P Jeffreys
Mr D P Carney
Mr W Dand
Mr G Knowles
Mr C H Morgan
Mr S G Simpson
Mr D Butterworth

(Appointed 12 September 2019)

Results and dividends

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

Ordinary dividends were paid amounting to £135,000 (2018: £160,000). The directors do not recommend payment of a further dividend.

Post reporting date events

The COVID-19 outbreak that has occurred since the financial year end is likely to have an impact on the financial position of the Company during 2020/2021.

The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty, but the stress testing of the Company's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies to deal with the impact of the outbreak as it unfolds.

No adjustments to the financial statements or non-adjusting post balance sheet events have been noted.

Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic Report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (1) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

ASHLEA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

On behalf of the board

M. Carney
Mr M S Carney
Director

Date: 24/07/2020

ASHLEA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHLEA LIMITED

Opinion

We have audited the financial statements of Ashlea Limited (the 'company') for the year ended 31 July 2019 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 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 company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHLEA LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, 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 directors' responsibilities statement set out on page 5, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



Anthony Steiner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

27 July 2020

ASHLEA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	2018 £
Turnover	3	11,370,633	10,831,693
Cost of sales		(8,710,576)	(8,624,775)
Gross profit		2,660,057	2,206,918
Administrative expenses		(1,969,967)	(1,814,947)
Operating profit	6	690,090	391,971
Interest receivable and similar income	7	2,487	1,375
Profit before taxation		692,577	393,346
Tax on profit	8	(123,397)	(77,362)
Profit for the financial year		569,180	315,984

ASHLEA LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	10		19,722		39,442
Tangible assets	11		272,698		204,419
Investments	12		2,001		2,001
			<u>294,421</u>		<u>245,862</u>
Current assets					
Debtors	14	2,270,139		1,898,573	
Cash at bank and in hand		<u>1,319,869</u>		<u>1,005,192</u>	
		3,590,008		2,903,765	
Creditors: amounts falling due within one year	15	<u>(2,558,395)</u>		<u>(2,257,773)</u>	
Net current assets			<u>1,031,613</u>		<u>645,992</u>
Total assets less current liabilities			<u><u>1,326,034</u></u>		<u><u>891,854</u></u>
Capital and reserves					
Called up share capital	17		28,917		28,917
Share premium account	18		12,008		12,008
Capital redemption reserve	18		9,076		9,076
Profit and loss reserves	18		<u>1,276,033</u>		<u>841,853</u>
Total equity			<u><u>1,326,034</u></u>		<u><u>891,854</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24/07/2020 and are signed on its behalf by:

M. Carney
Mr M S Carney
Director

Mr D P Carney
Director

ASHLEA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2017		28,917	12,008	9,076	685,869	735,870
Year ended 31 July 2018:						
Profit and total comprehensive income for the year		-	-	-	315,984	315,984
Dividends	9	-	-	-	(160,000)	(160,000)
Balance at 31 July 2018		28,917	12,008	9,076	841,853	891,854
Year ended 31 July 2019:						
Profit and total comprehensive income for the year		-	-	-	569,180	569,180
Dividends	9	-	-	-	(135,000)	(135,000)
Balance at 31 July 2019		28,917	12,008	9,076	1,276,033	1,326,034

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Company information

Ashlea Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Scotland Road, Carnforth, Lancashire, LA5 9RE.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008.

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. The principal accounting policies are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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' – Carrying amounts, 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 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Ashlea Landscaping Holdings Limited. These consolidated financial statements are available from its registered office, Scotland Road, Carnforth, Lancashire, LA5 9RE.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Going concern

In assessing the ability of the company to continue to operate as a going concern for the foreseeable future, the directors have considered scenarios which have involved a degree of judgement based upon experience of the sector, forecast activity and the cash resources available to ensure that the financial statements can be prepared on the going concern basis. Since the significance of the economic impacts of the COVID-19 outbreak have become apparent, the Directors have reviewed in detail the Company's position and the appropriate basis on which to prepare the financial statements.

The Directors do not anticipate that there will be an adverse impact to its operating model as a result of the working guidelines introduced by government following the outbreak of the virus. The Directors have considered detailed projections to July 2021, together with a longer-term assessment, to stress test the financial resilience of the Company which take into account both a potential decline in income and increase in costs over this period. Whilst the Directors recognise that 2020/2021 will be a challenging year, on the basis of the experience to the date of approval of the financial statements and consideration of the possible future impact on the customer base, they consider that it remains appropriate to prepare the financial statements on a going concern basis. The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty, but the stress testing of the Company's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies available to deal with the impact of the outbreak as it unfolds.

Turnover

Turnover represents the invoiced amount of services provided less allowances, in relation to contract landscaping work, excluding value added tax. In the case of long term contracts, turnover represents the sales value of work done during the year, including estimates in respect of amounts not invoiced.

Profit on long term contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Retentions are accounted for on a receivable basis in the accounts. Revenue derived from variations on contracts is only recognised when they have been accepted by customers. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Intangible fixed assets - goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable. Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of 20 years.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation.

Tangible fixed assets are stated at cost less depreciation. Cost is defined as the purchase invoice price plus any amounts included in bringing the assets into use. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% straight line
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ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

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 credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries 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 company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company 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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other debtors, gross amounts due by contract customers 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.

Other financial assets

Investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies 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.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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 company.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Retirement benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Leases

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 leases asset are consumed.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

Long term contracts

In producing the financial statements, the directors have taken judgements over the profit to be taken on long term contracts. Profit is taken as the work is carried out where the final outcome after anticipated future costs can be assessed with reasonable certainty. The profit is calculated on a prudent basis based on the stage of completion by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Contract landscaping work	11,370,633	10,831,693
	<u> </u>	<u> </u>
	2019 £	2018 £
Other revenue		
Interest income	2,487	1,375
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	11,370,633	10,831,693
	<u> </u>	<u> </u>

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

4 Employees

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

	2019 Number	2018 Number
Number of production staff	58	49
Number of administrative staff	31	32
	<u>89</u>	<u>81</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,596,868	2,282,601
Social security costs	262,577	226,933
Pension costs	78,783	53,937
	<u>2,938,228</u>	<u>2,563,471</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	590,627	577,209
Company pension contributions to defined contribution schemes	33,160	32,587
	<u>623,787</u>	<u>609,796</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 7).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>99,732</u>	<u>97,222</u>

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

6	Operating profit	2019	2018
	Operating profit for the year is stated after charging/(crediting):	£	£
	Fees payable to the company's auditor for the audit of the company's financial statements	10,150	9,900
	Depreciation of owned tangible fixed assets	78,429	66,636
	Profit on disposal of tangible fixed assets	(11,598)	(2,346)
	Amortisation of intangible assets	19,720	19,720
	Operating lease charges	316,271	314,589
		<u> </u>	<u> </u>
7	Interest receivable and similar income	2019	2018
		£	£
	Interest income		
	Interest on bank deposits	2,487	1,375
		<u> </u>	<u> </u>
8	Taxation	2019	2018
		£	£
	Current tax		
	UK corporation tax on profits for the current period	123,397	77,362
		<u> </u>	<u> </u>
The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:			
		2019	2018
		£	£
	Profit before taxation	692,577	393,346
		<u> </u>	<u> </u>
	Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	131,590	74,736
	Tax effect of expenses that are not deductible in determining taxable profit	1,127	902
	Amortisation on assets not qualifying for tax allowances	-	3,747
	Deferred tax not recognised	(9,320)	(2,023)
		<u> </u>	<u> </u>
	Taxation charge for the year	123,397	77,362
		<u> </u>	<u> </u>

The Chancellor stated his intention to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

9 Dividends

2019	2018
£	£
Final paid	135,000
	160,000

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 August 2018 and 31 July 2019	394,402
Amortisation and impairment	
At 1 August 2018	354,960
Amortisation charged for the year	19,720
At 31 July 2019	374,680
Carrying amount	
At 31 July 2019	19,722
At 31 July 2018	39,442

11 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 August 2018	821,610
Additions	148,327
Disposals	(37,634)
At 31 July 2019	932,303
Depreciation and impairment	
At 1 August 2018	617,191
Depreciation charged in the year	78,429
Eliminated in respect of disposals	(36,015)
At 31 July 2019	659,605
Carrying amount	
At 31 July 2019	272,698
At 31 July 2018	204,419

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	2,001	2,001

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 August 2018 & 31 July 2019	2,001
Carrying amount	
At 31 July 2019	2,001
At 31 July 2018	2,001

13 Subsidiaries

These financial statements are separate company financial statements for Ashlea Limited.

Details of the company's subsidiaries at 31 July 2019 are as follows:

Ashlea Limited owns 100% of the issued ordinary share capital of Ashlea Landscaping Limited, a company incorporated in England and Wales, which was dormant throughout the year and it also owns 100% of the issued ordinary share capital of Ashlea Trustee Limited, a company incorporated in England and Wales, which was dormant throughout the year.

The registered office of all subsidiaries is Scotland Road, Carnforth, Lancashire LA5 9RE.

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	530,375	415,833
Gross amounts owed by contract customers	1,566,432	1,040,891
Other debtors	-	287,106
Prepayments and accrued income	173,332	154,743
	<u>2,270,139</u>	<u>1,898,573</u>

An amount of £290,083 relating to contracts, previously disclosed within other debtors, has been disclosed this year as part of Gross amounts owed by contract customers. The prior year amount of £287,106 has not been adjusted.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	930,496	679,164
Amounts owed to group undertakings	2,000	2,000
Corporation tax	123,397	77,362
Other taxation and social security	305,503	313,353
Other creditors	490,403	472,088
Accruals and deferred income	706,596	713,806
	<u>2,558,395</u>	<u>2,257,773</u>

There is a debenture dated 31 December 2013 given by Ashlea Limited in respect of Company Charge Card and BACS facilities.

There is a fixed and floating charge over the undertaking and all property and assets present and future.

16 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>78,783</u>	<u>53,937</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
28,917 Ordinary shares of £1 each	<u>28,917</u>	<u>28,917</u>
	<u>28,917</u>	<u>28,917</u>

18 Reserves

Share premium

The share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

ASHLEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

19 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	259,422	222,587
Between one and five years	181,407	194,927
	<u>440,829</u>	<u>417,514</u>

20 Events after the reporting date

The COVID-19 outbreak that has occurred since the financial year end is likely to have an impact on the financial position of the Company during 2020/2021.

The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty, but the stress testing of the Company's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies to deal with the impact of the outbreak as it unfolds.

No adjustments to the financial statements or non-adjusting post balance sheet events have been noted.

21 Directors' transactions

During the year the company entered into the following transactions with related parties:

Rent of £37,000 (2018: £37,000) was paid to trusts held by some of the directors and their spouses. Rent was paid at market value.

Gardening work was undertaken for some of the directors during the year totalling £1,377 (2018: £1,867). The work was charged at cost by the company.

22 Ultimate controlling party

The entire share capital of the company is held by Ashlea Landscaping Holdings Limited, the ultimate parent company. Ashlea Landscaping Holdings Limited, a company incorporated in England and Wales, is the only undertaking preparing group accounts including the accounts of this company. The accounts are available from Ashlea Landscaping Holdings Limited's registered office Scotland Road, Carnforth, Lancashire, LA5 9RE.