

# Lewis Communications Limited

Report and Financial Statements

Year Ended

31 July 2021

Company Number 02370504



# Lewis Communications Limited

Report and financial statements  
for the year ended 31 July 2021

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## Directors

E K Ford  
C N Lewis

## Company secretary

S L Aitchison

## Registered office

22nd Floor, Millbank Tower, Millbank, London, SW1P 4RS

## Company number

02370504

## Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

# Lewis Communications Limited

## Strategic report for the year ended 31 July 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 July 2021.

### Business model

The company's principal activity is digital communications, marketing services, public relations and advertising.

### Performance and business review

Gross profit, defined herein as "revenue", for the year is £7,063k (2020: £6,394k). This represents an increase of 10.4% over the prior year and is the highest revenue in the company's history. The revenue increase was driven by strong client demand for all the company's services. Rates of client retention were good, which meant the majority of new business won, and client expansions, led to increased revenues, as opposed to replacing business. The company carried strong revenue momentum into financial year 2022 and management expects revenues will grow again in the current financial year.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before highlighted items was £790,000 (2020: £1,154,000). The EBITDA margin before highlighted items is 11.2% (2020: 18.0%). The decrease in EBITDA before highlighted items is due mainly to an increase in charitable donations and increased investment in creative services. Highlighted items comprise depreciation, reorganisation costs and income received from the Employee Benefit Trust.

TEAM LEWIS Foundation, the charitable arm of the company, launched a major giving program. The foundation also appointed its first ever Chief Executive Officer. Every employee in the company was given a budget of up to £1,000 to donate to a charity of their choice. Additionally, major donations were made to The Jo Cox Foundation and to THW Stiftung (for humanitarian relief in Germany). In total, £156,000 was donated during the year to 51 charities. In addition to the cash donations, the company provided pro bono marketing support, including raising awareness via social media to many of these individual charities. Management expects the level of giving to remain at similar levels during the current year.

### Going Concern

Lewis Communications (Holdings) Limited, the Company's parent company, has prepared forecasts, and stress tests, at a Group level up to and including financial year 2026. The forecasts reflect the Group's cash holdings and committed financing facilities. The directors have reviewed these forecasts and are confident the Company will meet its liabilities as they fall due. The Company has also been provided a letter of financial support by Lewis Communications (Holdings) Limited, for a period of not less than 15 months from the date these financial statements were approved. The parent company warrants that it will meet any liabilities that fall due on the Company, in the event that the Company is not able to meet these. As such the directors of the company continue to adopt the going concern basis of accounting in preparing these financial statements.

### Key performance indicators

The key indicators, which the company uses to monitor performance, are shown in the table below.

	2021 £'000	2020 £'000
Net revenues (gross profit)	7,063	6,394
EBITDA (before highlighted items)	790	1,154
EBITDA margin (before highlighted items)	11.2%	18.0%
Charitable giving (included with EBITDA above)	156	16

# Lewis Communications Limited

Strategic report  
for the year ended 31 July 2021 (*continued*)

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## Principal risks and uncertainties

### *The balance of new business and client losses*

The company monitors client wins and losses regularly and aims to avoid any single client representing more than 10% of revenue, the company invests heavily in its sales and marketing operations to drive new business and growth.

### *Recruitment and retention of staff*

The company places considerable importance on the retention of its staff and continuously reviews HR policies to this end. Specific measures include significant investments in training and undertaking staff surveys at least once a year. All staff remuneration packages undergo an annual benchmarking exercise and the HR function has dedicated in-house recruiters in each region

### *Client receivables*

The company's credit risk is primarily attributable to its trade receivables. Credit risk is managed by running credit checks on new clients, taking into consideration clients' funding, current financial health, county of domicile, and by monitoring payments against contractual agreements.

### *Economic downturn*

Group and company management review short, medium and long term financial forecasts on a regular basis. Client budgets may be reduced during periods of actual and anticipated economic contraction. The company has the majority of its revenues on a retained and contracted basis - this allows time to plan, and potentially make adjustments, in the event the company is expected to contract.

## Approval

This strategic report was approved by the board on 14 April 2022



C N Lewis

**Director**

# Lewis Communications Limited

## Directors' report for the year ended 31 July 2021

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The directors present their report together with the audited financial statements for the year ended 31 July 2021.

### Results and dividends

The statement of income and retained earnings is set out on page 10 and shows the profit for the year.

During the year dividends of £4,000,000 (2020: £Nil) were declared. No final dividend (2020: £Nil) was recommended.

### Charitable and political contributions

During the year the company made charitable contributions of £156,000 (2020: £16,000).

### Directors and their interests

The directors who served during the year and held no beneficial interests in the share capital of the company were as follows:

E K Ford  
C N Lewis

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the Board



C N Lewis

Director

Date 14/04/2022

# **Lewis Communications Limited**

## **Directors' responsibilities statement for the year ended 31 July 2021**

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The directors are responsible for preparing the strategic report, 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 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.

# Lewis Communications Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWIS COMMUNICATIONS 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 July 2021 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 Lewis Communications Limited ("the Company") for the year ended 31 July 2021 which comprise the statement of income and retained earnings, balance sheet 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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.

#### 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 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.

# Lewis Communications Limited

## Independent auditor's report (*continued*)

We have nothing to report in this regard.

### **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 or the Directors' report.

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

- adequate accounting records have not been kept, 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:

Our testing included, but was not limited to:

# Lewis Communications Limited

## Independent auditor's report (*continued*)


- testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater susceptibility to fraud;
- performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example credit entries to revenue without a corresponding entry to receivables, accrued income or deferred income; and
- critically assessing areas of the financial statements which include judgement and estimates, as set out in note 1 of the financial statements.

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:  
 20 April 2022  
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Daniel Laird (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Lewis Communications Limited

## Statement of income and retained earnings for the year ended 31 July 2021

	Note	2021 £'000	2020 £'000
<b>Turnover</b>	3	8,233	7,039
Cost of sales		(1,170)	(645)
<b>Gross profit</b>		7,063	6,394
Administrative expenses		(6,273)	(5,240)
<b>Operating profit before highlighted items</b>		790	1,154
Highlighted expenditure	4	(147)	(97)
<b>Operating profit</b>	4	643	1,057
Income from fixed asset investment	5	1,481	-
Interest receivable	6	4	94
Interest payable	7	(30)	-
<b>Profit on ordinary activities before taxation</b>		2,098	1,151
Taxation on profit from ordinary activities	9	(1)	(38)
<b>Profit and total comprehensive income for the year</b>		2,097	1,113
<b>Retained earnings brought forward</b>		4,726	3,613
Profit and total comprehensive income for the year		2,097	1,113
Dividends paid	10	(4,000)	-
<b>Retained earnings carried forward</b>		2,823	4,726

All amounts relate to continuing activities.  
All recognised gains and losses are included in the income statement.

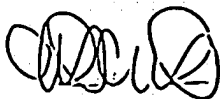
The notes on pages 12 to 21 form part of these financial statements

# Lewis Communications Limited

## Balance sheet at 31 July 2021

Company number 02370504	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>Fixed assets</b>					
Tangible fixed assets	11		140		68
Investments	12		17		17
			157		85
<b>Current assets</b>					
Debtors	13	1,607		2,549	
Cash at bank		11,991		4,365	
		13,598		6,914	
<b>Creditors: amounts falling due within one year</b>	14	(10,927)		(2,268)	
<b>Net current assets</b>			2,671		4,646
<b>Net assets</b>			2,828		4,731
<b>Capital and reserves</b>					
Called up share capital	18		5		5
Profit and loss account			2,823		4,726
<b>Shareholder funds</b>			2,828		4,731

The financial statements were approved by the Board of Directors and authorised for issue on 14/04/2022



C N Lewis  
Director

The notes on pages 12 to 21 form part of these financial statements.

# Lewis Communications Limited

## Notes forming part of the financial statements for the year ended 31 July 2021

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### 1 Accounting policies

Lewis Communications Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. 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.

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.

#### *Reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 33 Related Party Disclosure paragraph 33.7

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Basis of preparation*

The financial statements contain information about Lewis Communications Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in group accounts of a larger group, Lewis Communications (Holdings) Limited.

#### *Going Concern*

The financial statements have been prepared on a going concern basis. The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Lewis Communications (Holdings) Limited, the Company's parent company, has prepared forecasts, and stress tests, at a Group level up to and including financial year 2026. The forecasts reflect the Group's cash holdings and committed financing facilities. The directors have reviewed these forecasts and are confident the Company will meet its liabilities as they fall due. The Company has also been provided a letter of financial support by Lewis Communications (Holdings) Limited, for a period of not less than 15 months from the date these financial statements were approved. The parent company warrants that it will meet any liabilities that fall due on the Company, in the event that the Company is not able to meet these. As such the directors of the company continue to adopt the going concern basis of accounting in preparing these financial statements.

# Lewis Communications Limited

## Notes forming part of the financial statements for the year ended 31 July 2021 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Turnover*

Turnover is spread over the term of the contract with a customer in order to reflect the level of performance achieved at any point in time. Revenue is recognised on the following basis:

- Retainer fees are recognised on a straight-line basis over the duration of the agreement.
- Non-retainer fees are recognised on a percentage of completion basis as activity progresses and recognised when the services are performed.
- Expenses are recharged to clients at cost plus an agreed mark up, where applicable, when the services are performed.

#### *Foreign currencies*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

#### *Depreciation*

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Short leasehold property	-	over the life of the lease
Furniture and equipment	-	over three to five years straight line

#### *Taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except where a charge is attributable to an amount recognised in either equity or other comprehensive income when it will be recognised against those balances directly.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Lewis Communications Limited

## Notes forming part of the financial statements for the year ended 31 July 2021 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Leased assets*

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Investments*

Investments held as fixed assets are included at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

The need for any impairment is assessed by comparison of the carrying value of the asset against its recoverable amount.

#### *Financial assets*

Financial assets, other than investments are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (excluding transaction costs) and subsequently held at amortised cost.

#### *Pension costs*

The company operates a defined contribution scheme. Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

The pension costs charged in the financial statements represent the contributions payable by the company during the year. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### *Interest bearing loans and borrowings*

All interest bearing loans and borrowings are initially recognised as net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period. Finance costs of debt is allocated over the term of the debt at a constant rate on the carrying amount.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Share Capital and Reserves*

Share Capital and Reserves represent:

Share capital – Nominal value of share capital subscribed for.

Profit and loss account – cumulative profits or losses, net of dividends paid and other adjustments.

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 2 Key judgements

### *Fixed assets and useful lives*

Tangible fixed assets are depreciated over their useful lives. Assets are not considered to have a residual value. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

### *Revenue recognition*

The main factor considered in determining the percentage of completion, in respect of non-retainer fees, is the time incurred as a proportion of the total expected time.

## 3 Turnover

The turnover and operating profit for the year was derived from the company's principal activity and was carried out solely in the UK.

## 4 Operating profit

	2021 £'000	2020 £'000
<i>The operating profit is stated after charging:</i>		
Operating lease - land and buildings	231	226
Operating lease - other	6	5
Amounts payable to the auditors:		
- audit services	46	35
- taxation services	11	9

Highlighted items are as follows:

### **Highlighted expenditure**

Depreciation	60	51
Reorganisation costs	87	46
	<hr/>	<hr/>
	147	97
	<hr/>	<hr/>

Reorganisation costs relate mainly to settlement costs paid to individuals who left the company during the year.

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

5	Income from fixed asset investments	2021 £'000	2020 £'000
	Dividend received from subsidiary undertaking	1,481	-
		<u>1,481</u>	<u>-</u>
6	Interest receivable	2021 £'000	2020 £'000
	Group interest receivable	-	74
	Bank interest receivable	4	12
	Other interest receivable	-	8
		<u>4</u>	<u>94</u>
7	Interest payable	2021 £'000	2020 £'000
	Group interest payable	30	-
		<u>30</u>	<u>-</u>
8	Directors and employees	2021 £'000	2020 £'000
	Staff costs (including directors) includes:		
	Wages and salaries	5,245	4,561
	Social security costs	546	507
	Other pension costs	129	43
	Staff costs recharged to other group companies	(1,175)	(1,116)
		<u>4,745</u>	<u>3,995</u>

The average number of employees, including directors, during the year was 88 (2020 - 77). The total emoluments of key management personnel excluding directors were £331,000 (2020: £449,000).

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 8 Directors and employees (*continued*)

	2021 £'000	2020 £'000
Directors' emoluments	128	128

The highest paid director received emoluments of £104,000 (2020: £104,000).

## 9 Taxation on profit from ordinary activities

	2021 £'000	2020 £'000
<i>Current tax</i>		
UK corporation tax	17	68
Adjustment in respect of previous periods	(16)	(30)
Tax on profit on ordinary activities	1	38

The tax assessed for the year differs to the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	2,098	1,151
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	399	219
Effects of:		
Expenses not deductible for tax purposes	36	13
Income not taxable	(282)	-
Group relief claimed	(118)	(161)
Adjustment to tax charge in respect of prior years	(16)	(30)
Remeasurement of deferred tax for changes in tax rates	3	-
Deferred tax not recognised	(21)	(2)
Total tax charge for the year	1	38

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 10 Dividends

	2021 £'000	2020 £'000
Ordinary shares paid £800 (2020 - Nil) per share	4,000	-

## 11 Tangible fixed assets

	Short leasehold property £'000	Furniture and equipment £'000	Total £'000
<i>Cost</i>			
At 1 August 2020	599	2,204	2,803
Additions	-	132	132
	<u>599</u>	<u>2,336</u>	<u>2,935</u>
At 31 July 2021	<b>599</b>	<b>2,336</b>	<b>2,935</b>
<i>Depreciation</i>			
At 1 August 2020	599	2,136	2,735
Charge for year	-	60	60
	<u>599</u>	<u>2,196</u>	<u>2,795</u>
At 31 July 2021	<b>599</b>	<b>2,196</b>	<b>2,795</b>
<i>Net book value</i>			
At 31 July 2021	-	140	140
	<u>-</u>	<u>140</u>	<u>140</u>
At 31 July 2020	-	68	68
	<u>-</u>	<u>68</u>	<u>68</u>

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 12 Fixed asset investments

Shares in  
group  
£'000

*Cost and net book value*

At 1 August 2020 and 31 July 2021

17

The company had the following subsidiary undertaking at the end of the year:

Company	Country of registration, incorporation and operation	Class of share	Proportion of shares and voting rights held	Registered address
Lewis Communications GmbH	Germany	Ordinary shares	100%	Karlstraße 64, 80335 Munich, Germany

The nature of business is digital communications, marketing services, public relations and advertising.

## 13 Debtors

	2021 £'000	2020 £'000
Trade debtors	1,090	578
Amounts owed by group undertakings	-	1,482
Other debtors	35	156
Prepayments and accrued income	374	333
Corporation tax	108	-
	<u>1,607</u>	<u>2,549</u>

## 14 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	175	251
Corporation tax	-	99
Other taxes and social security	510	492
Other creditors	208	232
Directors loan account	192	-
Accruals and deferred income	2,081	1,194
Amounts owed to group undertakings	7,761	-
	<u>10,927</u>	<u>2,268</u>

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 15 Financial instruments

	2021 £'000	2020 £'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	13,185	6,616
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	9,973	1,693
	<hr/>	<hr/>

Financial assets measured at amortised comprise cash, trade debtors, accrued income, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, accruals, directors loan account and other creditors.

## 16 Deferred taxation

The deferred tax balances below have not been recognised as the directors consider these deferred tax movements not to be material to these financial statements.

	2021 £'000	2020 £'000
<b>Unprovided</b>		
Accelerated capital allowances	(6)	6
Timing differences	(5)	4
	<hr/>	<hr/>
Potential deferred tax liability	(11)	10
	<hr/>	<hr/>

## 17 Commitments and contingencies

As at 31 July 2021, the company had annual commitments under non-cancellable operating leases as set out below:

	2021 Land and buildings £'000	2021 Other £'000	2020 Land and buildings £'000	2020 Other £'000
Within one year	137	-	214	7
In two to five years	-	-	137	-
	<hr/>	<hr/>	<hr/>	<hr/>
	137	-	351	7
	<hr/>	<hr/>	<hr/>	<hr/>

# Lewis Communications Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (continued)

## 18 Share capital

	2021	2020	Authorised	
	Number	Number	2021	2020
			£'000	£'000
Ordinary shares of £1 each	100,000	100,000	100	100
	<hr/>	<hr/>	<hr/>	<hr/>
	2021	2020	2021	2020
	Number	Number	£'000	£'000
Ordinary shares of £1 each	5,000	5,000	5	5
	<hr/>	<hr/>	<hr/>	<hr/>

All ordinary shares carry equal voting rights and share equally in dividends and any surplus on wind up.

## 19 Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of Financial Reporting Standard 102 not to disclose transactions with members of the group headed by Lewis Communications (Holdings) Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

During the year, the company rented premises from C N Lewis, a director, for a total of £24,000 (2020: £24,000) and donated £10,000 (2020: £15,000) to a charity, one of the trustees of which is C N Lewis.

During the year, advances were made to C N Lewis of £nil (2020: £21,000). At the year end amounts owing from the company were £192,000 (2020: owing to the company £120,000).

## 20 Ultimate parent company

At 31 July 2021, the company's immediate and ultimate parent company was Lewis Communications (Holdings) Limited which is incorporated in England.

Copies of the consolidated financial statements of Lewis Communications (Holdings) Limited are available from Companies House.

C N Lewis is the ultimate controlling party by virtue of his majority shareholding in the ultimate parent company.