

Company Registration No. 09984149 (England and Wales)

LANES-I LIMITED
REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 JULY 2022

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LANES-I LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | A J Brierley WT Earnshaw D L Roberts |
| Company number | 09984149 |
| Registered office | 17 Parkside Lane Parkside Industrial Estate Leeds West Yorkshire LLS11 5TD |
| Accountants | RSM UK Tax and Accounting Limited Chartered Accountants 3 Hardman Street Manchester M3 3HF |

LANES-I LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present their strategic report together with the audited financial statements of the Group for the year ended 31 July 2022.

Fair review of the business

Details of the operational performance are summarised in the Financial Review. A headline summary is as follows:

Profit for the year, after taxation £2.61m (2021: loss £1.90m)

Turnover increased by 311% and £52.0m during the current year from £16.7m to £68.7m respectfully of which the Directors believe to be an exceptional performance.

The gross profit margin continues to show improvement from 3.3%: in 2021 to 15.6%; in 2022.

Principal core activities

Lanes-i is a fast-growing, differentiated and highly rated installation and engineering services company.

Growth

Lanes-i has a three-pillar growth strategy to drive long-term value creation as it expands to serve customers in fibre and adjacent sectors.

Growth with existing fibre clients

- Established working relationships with well-funded, well-organised fibre optic network companies.
- Contractual agreements and further order commitments that total £1 bn in revenue for Lanes-i over the next few years.
- Additional opportunity to support these companies as they expand beyond their existing stated build targets.
- Margin opportunity through scale efficiency gains.

Expand into other sectors

- Leverage highly transferable core engineering, construction, labour organisation and other skills, applying the Lanes-i differentiated approach, enabled by selected acquisitions.
- Opportunity in additional infrastructure segments, including EV charging, power and energy transition.
- Opportunity to disrupt established players in traditional utilities, where the Lanes-i approach would be a differentiator.

Strategy

Technology Innovation

Pioneer in technology-enabled service delivery incorporating digital record keeping, advanced analytics, real-time project visibility and direct client collaboration in the same digital toolset.

Continual investment in the latest field technology and equipment to unlock efficiency and productivity.

Uncompromising on Quality & Safety

Focus on delivering a right first-time and zero-defect service, from the way contracts and pricing are negotiated, to the way field teams are incentivised.

A delighted roster of clients that continue to award more and more work to Lanes-I based on exemplary service delivery.

Lanes-i remains RIDDOR free with 3.41m hours worked without a lost time incident equating to c.700 days our entire workforce returned home safe.

Distinctive People Culture

A positive, open, and empowering environment where safety, well-being and 'doing the right thing' for clients and employees are front and centre.

Rigorous on boarding, continuous investments in people and training resulting in leading recruitment and retention performance.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Strategy (continued)

Significant Growth Opportunity

A committed and focused management team that brings a combined 130 years of relevant experience.

High transferability of skills and expertise into emerging infrastructure sectors (e.g., EV charging and renewables/energy transition), as well as the ability to disrupt established operators in traditional utilities.

A high-quality platform with significant scale potential in multiple sectors, delivering £4.2m EBITDA on £68.7m of contracted revenues this fiscal year.

Our Business Model (Telecoms/EV Charging)

Lanes-i has developed its business model by reverse engineering the seven causes of poor quality and customer discontent elsewhere in the industry.

The Lanes-i difference:

Validate and iterate the detailed designs (including full buildable evaluation, site validation and information take-off) with our customers upfront.

Invest time and effort to forge brilliant working relationships with local authorities, enabling seamless build and permit availability.

Select winning teams based on cultural fit and complementary skills – leads to highly motivated, creating highly efficient delivery units in the field.

Co-located customer personnel in Lanes-i offices, and shared open access to Lanes-i's digital tools for efficient collaboration and issue resolution.

Incentivising field teams on hours, not outcomes, so there is alignment on a "right-first-time" delivery, and investing in the best tools and equipment

Leave every site cleaner and tidier than how it was found, and always make a conscious effort to be considerate and provide assistance.

100% compliance to 'As-Built' records by employing technology and state-of-the-art equipment to safely deliver a high-quality service.

Lanes-i differentiates by continuously innovating and investing to deliver the best possible outcomes for its clients.

PMO system that has centralised the entire Lanes-i operation

• Lanes-i makes extensive use of Monday.com, a highly configured cloud-based project management tool that sits at the heart of Lanes-i's business operations across all contracts, ensuring a standardised blueprint for delivery.

Key features:

- Live data dashboards, project tracking & progress updates.
- As built and defect monitoring.
- A comprehensive central hub for tracking information.
- Infinitely configurable data analytics.
- Logins for Lanes-i employees, contractors, and clients.
- Accessible from desktop and mobile devices
- Provides governance and structure that affords clients total transparency and a collaborative platform to manage projects and programmes
- Captures real-time data, provides analytics, and connects business units, delivery, and support functions, assuring quality and compliance
- Intuitive and highly configurable, enabling bespoke solutions for clients and stakeholders.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Strategy (continued)

Comprehensive field-based data collection and analytics

Lanes-i captures, monitors, and utilises data from all aspects of field operations:

Site Tracking

FieldViewer and Samsung tablets monitor compliance, facilitate point-of-work risk assessments (POWRA) and enable safety audits.

Vehicle Tracking

Lanes-i has fitted Samsara fleet management capability to all vehicles and plants, enabling analysis of KPIs such as journey time, productivity, efficiency, driving behaviour, and security. Enables real-time visibility of all deployed assets and teams.

Digital As-Built Records

GPS technology from Trimble captures and auto-populates as-built drawings referencing network build status.

- Data is collected in 10 minutes and mapping is available instantly, feeding back into the PMO (Monday.com) in real-time.

Going beyond compliance, with real-time monitoring and evidence

- Lanes-i uses FieldViewer – a works evidencing and data capture solution from Techfinity that provides the ability to catalogue and audit events in the field.
- Initially used by Lanes-i as just an audit tool, capturing 800+ images per day pertaining to site activities, has grown to a fully functioning works management system comprising modules that captures:
 - Dynamic Risk Assessments
 - H&S Audits
 - Vehicle Checklists
 - Planning Functions
 - Training Matrices
 - Real-Time Operational Performance
- Accessed on mobile devices by field operatives on a constant basis.
- Lanes-i makes extensive use of wizards within the app to ensure that processes are followed consistently, and data is captured correctly the first time

Distinctive People Culture

A positive, open, and empowering environment for clients and employees

Lanes-i's commitment to people:

Create a positive, open and empowering environment for their people where safety, well-being and 'doing the right thing' for their clients and employees are at the forefront of everything they do.

Ensure all team members know and understand how their role and input impact not only day-to-day operational performance but also business-wide performance.

Build strong and effective working relationships that are role modelled at all levels and demonstrate collaboration.

Provide strong and committed leadership that will help nurture and support their employees in achieving their career/development goals.

Listen to feedback and act on it.

Lanes-i's distinctive culture forms the basis for its above-average recruitment, development and retention.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Above industry average recruitment, development, and retention

Culture and vision: driven to go beyond industry norms by engaging, nurturing, and developing its people, ensuring they are resilient, safe, healthy and well delivering a high-performing culture.

Exploring all channels: including Armed Forces Covenant, Ministry of Justice, former family members, Ex-Offenders

On boarding: All field operatives are inducted at the Lanes-i HQ and introduced to the culture, behaviour expectations and ethos of the company.

Employee well-being: engage, nurture, and develop its people, ensuring they are resilient, safe, healthy and well in a high-performing environment.

We are family: Enhanced Ts & Cs, London Living Wage, employee events and community team building sessions.

Foster creativity & innovation: to ensure a broad portfolio of stimulating and exciting work streams to retain and encourage staff and satisfy clients. Teams are formed based on cultural fit and complementary skills.

Training & Development: Pathway to Success, Engineering Excellence, Wellness, Management Training Programme, Science, Technology, Engineering, and Math (STEM) skills, Inclusion & Diversity.

State-of-the-art Equipment

Specialised, bespoke vehicles to get the job done right the first time.

- Lanes-i has invested in the most highly-spec vans on the market that provide field operatives with the tools and facilities they enjoy working in – a tangible example of the way Lanes-i differentiates.
- 68 bespoke dual-screen state-of-the-art civils vehicles.
- 24 bespoke cabling/splicing vehicles.
- Total of 350 vehicles deployed across the Lanes-i network.
- Bespoke vehicles feature:
 - Custom 'shadow boards' so operatives can quickly locate the tools for each task.
 - Personal amenities including on-board WC, sink and welfare facilities.
 - LCD screens on the side of Lanes-i vans enable advertising (on behalf of clients) and messages to be displayed to the public.
 - The investment in these vehicles pays dividends through lower downtime, loyal employees and an enhanced reputation.

Systems and quality protocols

- Operational tools, templates and procedures inherited from Lanes Group that were established across 15-20 years in the utility and water business have been refined, customised and digitally stored for Lanes-i.
- A complete repository of documents, all digitally archived and instantly accessible via a cloud-based platform that is integrated with Lanes-i's PMO tool, Monday.com.
- Means that Lanes-i is:
 - Quick to respond to tenders from clients.
 - Quick to resolve issues as and when they arise
 - Right first time with permit applications and form completion.
 - Fundamental principles behind operational procedures can be tailored to new work/revenue streams – allowing updates & amendments to cascade throughout the business quickly to all stakeholders.
 - Lanes-i will be able to leverage this repeatedly for every new adjacent market they choose to target and enter.

An unrivalled repository of templates and tools providing an unfair competitive advantage.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Lanes-i takes a zero-compromise approach to safety

- Lanes-i adopts a “Zero Compromise” approach to the HSE and the well-being of all staff (office and field-based.)
- Lanes-i is ISO 45001 accredited – the international standard for workplace health and safety – underlining its commitment to ensuring a safe working environment for all.
- All employees receive health and safety education as well as training on compliant safety tools and equipment.
- Zero Compromise pledge cards are distributed to all employees promoting a culture of mutual accountability for the safety and well-being of everyone working on site.

Field operatives are empowered to:

- Stop work if the situation is deemed to be unsafe
- Stop any action that could put someone at risk (physical or mental)
- Lanes-i selects customers based on their commitment and alignment to core safety values – the result is an engaged workforce and recognition as a trusted build partner across the industry.

Network of supply chain partners that share Lanes-i’s values

- Lanes-i utilises a consolidated network of strategic supply chain partners, as it is only through long-term, high-value relationships that a culture of quality can be maintained.
- The company only works with suppliers and partners that share the same culture and behaviours related to safety and quality.
- Rigorous pre-qualification questionnaire (PQQ) process reduces risk and ensures quality across the building portfolio.
- All supply chain partners are supervised and audited via direct Lanes-i employees ensuring strict compliance.
- Key supply chain partners are afforded the opportunity to grow their own businesses and reinvest thus further improving delivery capability.
- Shared risk management through flexing workforce during planned reduced activity (calendar events.)
- Consistency of delivery and credibility with clients has borne an environment where supply chain partners approach Lanes-i to partner with, in stark contrast to industry norms.

Stakeholder engagement

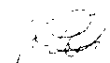
Effective engagement of stakeholder groups supports the principles of Section 172 of the Companies Act 2006, which sets out that directors should have regard for stakeholder interests when discharging their duty to promote the success of the company.

Communities and the environment

Our key mantra is to leave our streets cleaner than we found them, we care about giving back to the communities we serve, employing and upskilling local people, engaging in local charities and becoming an extension of the community.

We have committed to our *Environment Social Governance* journey; our policy and plan are available upon request. We have committed to net carbon zero by 2035 and by 2030 to reduce our plastic use by 50%. We are also spearheading community wood recycling partnering projects.

On behalf of the board



.....
W T Earnshaw
Director

Date: 14/03/23
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LANES-I LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present their annual report and financial statements for the year ended 31 July 2022.

Principal activities

The principal activity of the company is that of surveyors of utility infrastructure assets and the building environment, installation of fibre-optic cable equipment, miscellaneous utility connection works for developers, private clients and multi-utility consultancy services.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

A J Brierley
W T Earnshaw
D L Roberts

Strategic report

In accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 the company has presented a separate Strategic Report in these financial statements which includes the review of the business, objectives and future developments the company.

Going concern

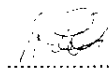
As the business enters its second year of true trading, the initial costs associated with a fast accelerating operation have been laid to rest in year one. The efficiency & controls enjoyed with the development of the business have shone through in the year two results.

Revenues have accelerated with the onboarding of further clients which has reflected throughout. Our working capital requirements are adequately met, and the trading performance has been strong.

Using cash flow forecasts through to 31 March 2024, the directors are confident that necessary facilities are in place to allow the company to continue to trade for at least 12 months following approval of these financial statements.

Due to this, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



W T Earnshaw
Director

Date: 14/03/23

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF LANES-I LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of Lanes-I Limited which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Lanes-I Limited, as a body, in accordance with the terms of our engagement letter dated 28 January 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Lanes-I Limited and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Lanes-I Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Lanes-I Limited under the Act. You consider that Lanes-I Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Lanes-I Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax and Accounting Ltd

RSM UK Tax and Accounting Limited
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

14/03/23
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LANES-I LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2022

| | Notes | 2022 £ | 2021 £ |
|---|-------|-------------------|--------------------|
| Turnover | 3 | 68,745,262 | 16,719,050 |
| Cost of sales | | (58,049,962) | (16,165,473) |
| Gross profit | | 10,695,300 | 553,577 |
| Administrative expenses | | (7,109,524) | (2,993,760) |
| Operating profit/(loss) | 6 | 3,585,776 | (2,440,183) |
| Interest payable and similar expenses | 7 | (135,759) | (33,035) |
| Profit/(loss) before taxation | | 3,450,017 | (2,473,218) |
| Tax on profit/(loss) | 8 | (844,329) | 574,783 |
| Profit/(loss) for the financial year | | 2,605,688 | (1,898,435) |

LANES-I LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2022**

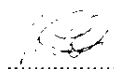
| | Notes | 2022 | | 2021 | |
|--|-------|--------------|-------------|-------------|-------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 9 | | 2,435,381 | | 1,950,041 |
| Current assets | | | | | |
| Stocks | 10 | 1,212,669 | | 992,755 | |
| Debtors | 11 | 18,439,254 | | 5,650,867 | |
| Cash at bank and in hand | | 273 | | 273 | |
| | | | 19,652,196 | | 6,643,895 |
| Creditors: amounts falling due within one year | 12 | (19,281,424) | | (9,024,773) | |
| Net current assets/(liabilities) | | | 370,772 | | (2,380,878) |
| Total assets less current liabilities | | | 2,806,153 | | (430,837) |
| Creditors: amounts falling due after more than one year | 13 | | (1,399,261) | | (990,427) |
| Provisions for liabilities | 16 | | (222,468) | | - |
| Net assets/(liabilities) | | | 1,184,424 | | (1,421,264) |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 100 | | 100 |
| Profit and loss reserves | 20 | | 1,184,324 | | (1,421,364) |
| Total equity | | | 1,184,424 | | (1,421,264) |

For the financial year ended 31 July 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of directors and authorised for issue on 14/03/23 and are signed on its behalf by:



WT Earnshaw
Director

LANES-I LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022

| | Share capital | Profit and loss reserves | Total |
|--|------------------|--------------------------------|-------------|
| | £ | £ | £ |
| Balance at 1 August 2020 | 100 | 477,071 | 477,171 |
| Year ended 31 July 2021: | | | |
| Loss and total comprehensive income for the year | - | (1,898,435) | (1,898,435) |
| Balance at 31 July 2021 | 100 | (1,421,364) | (1,421,264) |
| Year ended 31 July 2022: | | | |
| Profit and total comprehensive income for the year | - | 2,605,688 | 2,605,688 |
| Balance at 31 July 2022 | 100 | 1,184,324 | 1,184,424 |

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

Company information

Lanes-I Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 17 Parkside Lane, Parkside Industrial Estate, Leeds, West Yorkshire, LLS11 5TD.

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") including the provisions of the large and medium sized companies and groups (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 adopted 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 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Lanes Group Plc. These consolidated financial statements are available from its registered office, 17 Parkside Lane, Parkside Industrial Estate, Leeds, LS11 5TD.

Going concern

As the business enters its second year of true trading, the initial costs associated with a fast accelerating operation have been laid to rest in year one. The efficiency & controls enjoyed with the development of the business have shone through in the year two results.

Revenues have accelerated with the onboarding of further clients which has reflected throughout. Our working capital requirements are adequately met, and the trading performance has been strong.

Using cash flow forecasts through to 31 March 2024, the directors are confident that necessary facilities are in place to allow the company to continue to trade for at least 12 months following approval of these financial statements.

Due to this, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover shown in the profit and loss account represents the value of all services sold during the period, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations, and the risks and rewards attaching to the service, have been transferred to the customer.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (Continued)

Tangible fixed assets

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

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

| | |
|------------------------------|-------------------------|
| Leasehold land and buildings | 20% - 33% straight line |
| Plant and equipment | 20% - 25% straight line |
| Motor vehicles | 10% - 15% straight line |

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.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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

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

Stocks

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

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (Continued)

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 debtors, other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

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, amounts due to group undertakings and bank overdrafts initially recognised at transaction price.

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.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue recognition

The estimation techniques for revenue and profit recognition in relation to the civil engineering and maintenance services require management to make assessments and judgements on:

- The stage of completion.
- The costs to complete.
- The costs incurred and the entitlement to revenue where contracts are on a cost plus basis.
- The revenue expected to be recognised following negotiations with certain customers.

Where revenue is calculated on a cost plus model (which includes a number of other key performance indicators) the total revenue to be received is subject to estimation uncertainty until the final agreement with the customer.

Where contracts are ongoing at the year-end, revenue is valued using a stage of completion model and is estimated based on the factors as set out above. Until the time that work complete is certified by the customer, the revenue that Lanes-I Limited is entitled to is subject to a degree of estimation uncertainty.

The company reviews contracts for civil engineering and maintenance services individually and accrues income based on the estimated revenue to which it is entitled. At the year-end, accrued income of £17,028,406 (2021: £3,417,784) has been recognised in respect of contracts with one customer, where the entitlement to revenue is not guaranteed until a formal certification process has taken place. That process often involves a time delay and as such until certification has taken place a degree of estimation uncertainty is considered to exist.

Historic experience indicates that management's estimation process has proven reliable and management do not expect any material differences in the process of certifying revenue that has been accrued.

3 Turnover and other revenue

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Sale of services | 68,745,262 | 16,719,050 |
| | <u>68,745,262</u> | <u>16,719,050</u> |
| | 2022 | 2021 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 68,745,262 | 16,719,050 |
| | <u>68,745,262</u> | <u>16,719,050</u> |

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

4 Employees

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

| | 2022 Number | 2021 Number |
|----------------|----------------|----------------|
| Administrative | 64 | 20 |
| Direct | 61 | 11 |
| Total | 125 | 31 |

Their aggregate remuneration comprised:

| | 2022 £ | 2021 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 4,726,112 | 1,153,911 |
| Social security costs | 470,165 | 112,915 |
| Pension costs | 73,898 | 13,549 |
| | 5,270,175 | 1,280,375 |

5 Directors' remuneration

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Remuneration for qualifying services | 55,512 | 37,578 |
| Company pension contributions to defined contribution schemes | 2,050 | 569 |
| | 57,562 | 38,147 |

6 Operating profit/(loss)

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Operating profit/(loss) for the year is stated after charging: | | |
| Depreciation of owned tangible fixed assets | 182,082 | 98,725 |
| Depreciation of tangible fixed assets held under finance leases | 407,598 | 99,796 |

7 Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Interest on finance leases and hire purchase contracts | 107,486 | 25,028 |
| Other interest | 28,273 | 8,007 |
| | 135,759 | 33,035 |

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

| 8 Taxation | 2022 | 2021 |
|--|----------------|------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 178,281 | - |
| Adjustments in respect of prior periods | (131,203) | - |
| Total current tax | <u>47,078</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 628,041 | 16,685 |
| Adjustment in respect of prior periods | 169,210 | - |
| Other adjustments | - | (591,468) |
| Total deferred tax | <u>797,251</u> | <u>(574,783)</u> |
| Total tax charge/(credit) | <u>844,329</u> | <u>(574,783)</u> |

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

| | 2022 | 2021 |
|---|------------------|--------------------|
| | £ | £ |
| Profit/(loss) before taxation | <u>3,450,017</u> | <u>(2,473,218)</u> |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 655,503 | (469,911) |
| Tax effect of expenses that are not deductible in determining taxable profit | 6,665 | 7,037 |
| Adjustments in respect of prior years | (131,203) | - |
| Deferred tax adjustments in respect of prior years | 169,210 | - |
| Fixed asset differences | (6,576) | 26,039 |
| Closing deferred tax to average rate | <u>150,730</u> | <u>(137,948)</u> |
| Taxation charge/(credit) for the year | <u>844,329</u> | <u>(574,783)</u> |

Factors affecting future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

| 9 Tangible fixed assets | Leasehold land and buildings | Plant and equipment | Motor vehicles | Total |
|------------------------------------|------------------------------------|------------------------|-------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 August 2021 | 1,418,881 | 729,681 | - | 2,148,562 |
| Additions | 39,601 | 69,289 | 966,130 | 1,075,020 |
| At 31 July 2022 | 1,458,482 | 798,970 | 966,130 | 3,223,582 |
| Depreciation and impairment | | | | |
| At 1 August 2021 | 141,685 | 56,836 | - | 198,521 |
| Depreciation charged in the year | 311,552 | 167,023 | 111,105 | 589,680 |
| At 31 July 2022 | 453,237 | 223,859 | 111,105 | 788,201 |
| Carrying amount | | | | |
| At 31 July 2022 | 1,005,245 | 575,111 | 855,025 | 2,435,381 |
| At 31 July 2021 | 1,277,196 | 672,845 | - | 1,950,041 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

| | 2022 £ | 2021 £ |
|---|------------|-----------|
| Plant and equipment | 1,054,323 | 1,305,451 |
| Motor vehicles | 855,025 | - |
| | 1,909,348 | 1,305,451 |
| 10 Stocks | | |
| | 2022 £ | 2021 £ |
| Raw materials and consumables | 1,212,669 | 992,755 |
| 11 Debtors | | |
| Amounts falling due within one year: | 2022 £ | 2021 £ |
| Trade debtors | 1,009,517 | 921,483 |
| Amounts owed by group undertakings | 4,968 | - |
| Other debtors | 396,363 | 682,817 |
| Prepayments and accrued income | 17,028,406 | 3,471,784 |
| | 18,439,254 | 5,076,084 |

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

11 Debtors (Continued)

| | 2022 | 2021 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Amounts falling due after more than one year: | | |
| Deferred tax asset (note 17) | - | 574,783 |
| | <u> </u> | <u> </u> |
| Total debtors | 18,439,254 | 5,650,867 |
| | <u> </u> | <u> </u> |

12 Creditors: amounts falling due within one year

| | Notes | 2022 | 2021 |
|------------------------------------|-------|-----------------------------|-----------------------------|
| | | £ | £ |
| Bank loans and overdrafts | 14 | 2,982,492 | 933,604 |
| Obligations under finance leases | 15 | 488,289 | 282,267 |
| Trade creditors | | 6,012,095 | 3,190,456 |
| Amounts owed to group undertakings | | 2,758,588 | 3,057,067 |
| Corporation tax | | 45,032 | 132,044 |
| Other taxation and social security | | 365,028 | 233,148 |
| Other creditors | | 89,612 | 26,570 |
| Accruals and deferred income | | 6,540,288 | 1,169,617 |
| | | <u> </u> | <u> </u> |
| | | 19,281,424 | 9,024,773 |
| | | <u> </u> | <u> </u> |

13 Creditors: amounts falling due after more than one year

| | | 2022 | 2021 |
|----------------------------------|----|-----------------------------|-----------------------------|
| | | £ | £ |
| Obligations under finance leases | 15 | 1,399,261 | 990,427 |
| | | <u> </u> | <u> </u> |

14 Borrowings

| | 2022 | 2021 |
|-------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Bank overdrafts | 2,982,492 | 933,604 |
| | <u> </u> | <u> </u> |
| Payable within one year | 2,982,492 | 933,604 |
| | <u> </u> | <u> </u> |

Bank overdrafts are secured by a fixed and floating charge over the assets of the company.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

15 Finance lease obligations

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Future minimum lease payments due under finance leases: | | |
| Less than one year | 488,289 | 282,267 |
| Between one and five years | 1,399,261 | 990,427 |
| | <u>1,887,550</u> | <u>1,272,694</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 57 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance lease are secured over the asset they relate to.

16 Provisions for liabilities

| | Notes | 2022 | 2021 |
|--------------------------|-------|----------------|----------|
| | | £ | £ |
| Deferred tax liabilities | 17 | 222,468 | - |
| | | <u>222,468</u> | <u>-</u> |

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

| | Liabilities 2022 | Liabilities 2021 | Assets 2022 | Assets 2021 |
|--------------------------------|---------------------|---------------------|----------------|----------------|
| | £ | £ | £ | £ |
| Balances: | | | | |
| Accelerated capital allowances | 224,555 | - | - | 574,783 |
| Short term timing differences | (2,087) | - | - | - |
| | <u>222,468</u> | <u>-</u> | <u>-</u> | <u>574,783</u> |
| | | | | 2022 |
| Movements in the year: | | | | £ |
| Asset at 1 August 2021 | | | | (574,783) |
| Charge to profit or loss | | | | <u>797,251</u> |
| Liability at 31 July 2022 | | | | <u>222,468</u> |

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

| | | |
|---|-------------------|-------------------|
| 18 Retirement benefit schemes | 2022 | 2021 |
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 73,898 | 13,549 |
| | <u> </u> | <u> </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.

Contributions payable to the scheme totalling £23,016 (2021: £6,994) are included in other creditors.

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| 19 Share capital | 2022 | 2021 | 2022 | 2021 |
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

20 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

21 Related party transactions

Lanes Group plc is the parent company of Lanes-I Limited. During the year the company made sales of £40,685,139 to Lanes Group plc (2021: £13,037,363) and made purchases of £122,650 (2021: £201,186). At the year end £2,758,588 was due to Lanes Group plc (2021: £3,057,067).

22 Ultimate controlling party

The parent company is Lanes Group Plc, by virtue of their majority shareholding in that company.

Lanes Group Plc is the immediate parent, and is the smallest and largest group for which consolidated accounts including Lanes-I Limited are prepared. The consolidated accounts of Lanes Group Plc are available from its registered office, 17 Parkside Lane, Parkside Industrial Estate, Leeds, LS11 5TD.

The company is under the control of Mr W T Earnshaw, by virtue of his shareholding in Lanes Group plc.