

Company Registration No. 00587618 (England and Wales)

LEEDS COMMERCIAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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LEEDS COMMERCIAL LIMITED

COMPANY INFORMATION

Directors	Mr C J Miller Mr P R Bumford Mr P J Graham Mr J G Wilson
Company number	00587618
Registered office	The Old Test Station Patrick Green Leeds West Yorkshire LS26 8HE
Auditor	BHP LLP 1st Floor, Mayesbrook House Lawnswood Business Park Redvers Close Leeds LS16 6QY
Solicitors	Bury & Walkers LLP Britannic House Regent Street Barnsley South Yorkshire S70 2EQ Knights Plc Majestic City Square Leeds LS1 2EF

LEEDS COMMERCIAL LIMITED

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LEEDS COMMERCIAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Fair review of the business

The company has continued to maintain six operating depots: Leeds, Bradford, Barnsley, Sherburn, Manchester and Bristol. All depots were fully operational during the year and have contributed positively to the result for the year.

Turnover increased 10.3% year on year to £35.0M as the impact of the coronavirus restrictions in the second half of the previous year gradually reversed. Utilisation rates had recovered from a low-point of 63% in April 2020 to over 80% by September 2020. These high levels of utilisation were maintained throughout this year with the average being 85.2% (2020 – 77.6%). However, the fleet size at the start of the year had been reduced to 1736 vehicles and continued to reduce during Q1 of 2020-21 to a low of 1,700 vehicles. The company has subsequently invested in new vehicles and the fleet size has steadily increased to end the year at 1,816 vehicles. The growth in fleet size combined with consistent high utilisation rates has resulted in significantly higher turnover.

The company has suffered from worldwide supply-chain problems which has severely impacted the supply of new vehicles and slowed the rate of fleet growth and replacement of the older vehicles. Consequently, the number of second-hand vehicles released for resale reduced 16% year on year. The continued shortage of supply of second-hand vehicles in the marketplace meant that selling values and margins remained very favourable. The exceptional margins on fleet sales throughout the year, which only impacted the second half of 2020, more than compensated for the reduction in numbers sold and the total profit on disposals increased.

The company continued to concentrate on acquiring more specialist vehicles with higher capital and rental values. The cost of replacement vehicles is increasing due to normal inflation over the vehicle replacement cycle. Worldwide inflation has become even more pronounced post year-end and will impact future fleet rises. The increase in fleet size and unit cost in the year has resulted in the original cost of the motor vehicle fleet increasing by 9.0% to end the year at £113.8M.

During the year the directors have reviewed the depreciation rates applying to the fleet and reduced the rate of depreciation from 25% to 20% per annum on a reducing balance basis. This resulted in a reduction in the depreciation charge by £3.7M in the year which has impacted both gross margin and fleet net book value. This change in accounting estimate is not treated as an exceptional item under the accounting rules. However, for a transitional period, whilst the fleet still has older vehicles which have been previously written down by higher historical rates, it enhances the normal underlying trading performance. This change is therefore expected to enhance the reported profit (at a reducing rate) for at least the next four years.

Due to the above depreciation rate change and also the improved utilisation and high second-hand fleet margins, gross profit was up 60.9% at £17.0M.

Administration expenses were broadly flat across most cost categories except property related costs which reduced. At the year-end hire purchase obligations had increased year on year by 16.8% driven by fleet growth but associated interest costs reduced 23% as a result of reduced Bank of England base rates.

Overall the reported profit before tax increased significantly year on year by £6.5M and after-tax profits improved by £4.9M.

During the year the business invested £41.4M in new assets, sold vehicles for £14.9M, generated £15.5M from operations and increased hire purchase borrowing by net £6.6M. The closing hire purchase obligation represented 74.3% (2020 – 77.3%) of the fleet net book value.

LEEDS COMMERCIAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Principal risks and uncertainties

The commercial vehicle hire market continues to be highly competitive with rental rates remaining under pressure. This could result in a loss of key customers to competitors. The company manages this risk by developing and maintaining strong relationships with key customers and ensuring it offers a market leading level of service.

The company recognises the risks arising from of a failure to deliver key support and engineering services to the highest standards. The business has an unwavering dedication to maintenance compliance and health and safety which means customers can be reassured about the quality and condition of the vehicles. The company has invested in the latest IT systems to manage, schedule and control maintenance. In addition, it works with vehicle manufacturers and bodybuilders to improve and develop the fleet with better and safer methods of working for drivers and operators.

The business needs to secure hire purchase funding from lenders to fund the purchase of new vehicles. It currently has a ready source of funding from a carefully selected pool of lenders at very competitive rates. The facilities available from these lenders are significantly in excess of foreseeable requirements.

As is typical in this sector, the balance sheet shows net current liabilities due to the inclusion of future hire purchase payments. These are covered by future rental incomes which provide matching cashflows but are not recognised in current assets until billed. Any vehicle which is not adequately utilised would be sold to settle any outstanding hire purchase liability. Hire purchase terms are such that residual values on sale exceed the outstanding hire purchase liability. The business also maintains a substantial pool of new vehicles available for re-financing which provide additional liquidity in addition to normal banking facilities. Budgets and cashflow forecasts are used by the directors, with substantial safety margins, to ensure that liabilities are met as they fall due.

The company's borrowings are a mix of fixed and variable interest rates. Any increases in the variable rate would increase future borrowing costs. The directors monitor interest rate fluctuations and would consider available financial instruments to limit exposure should the need arise. No such financial instruments are currently considered necessary.

The construction sector has always been a key sector for the business due to its need for large volumes of specialist vehicles but the business continues to seek opportunities to diversify its client base into other areas to reduce its exposure to any one sector.

The realisable value of the fleet at the point of disposal depends on the state of the used vehicle market at the time. This can be volatile due to fluctuations in demand, exchange rates and the cost of new vehicles. Consequently, depreciation rates are set to ensure vehicle carrying values are not overstated.

Factors in the general economy which can potentially impact the business include inflation, interest rates and BREXIT. At the present time the directors' have no specific areas of significant concern but will continue to monitor the impact of these issues. The directors do not foresee any specific risks from the outcome of the BREXIT trade negotiations and some impacts may prove positive for the rental market. Nevertheless, we remain vigilant for signs of change in the wider economy.

The directors are conscious of the increasing impact of environmentally friendly regulations. The risk is mitigated by our fleet replacement policy which ensures that vehicles meet the latest technical specifications and standards. At the year-end the average age of fleet vehicles was 2.1 years.

LEEDS COMMERCIAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Key performance indicators

		<u>Year on year variance*</u>
		<u>%</u>
Turnover	Up	10.3%
Gross profit	Up	60.9%
Gross profit %	Up	15.3%
Administrative expenses	Down	5.7%
Hire purchase interest payable	Down	23.0%
Profit before tax	Up	124.3%
Original cost of fleet	Up	9.0%
NBV of fleet	Up	21.6%
Fleet size	Up	4.6%
Utilisation rates	Up	7.6%
Hire purchase obligations	Up	(16.8%)
Ratio of hire purchase to NBV	Down	3.0%
Employees	Down	(8.5%)
*Note – a positive variance indicates an increase in incomes and assets or decrease in costs and liabilities		

Non-financial KPIs include MOT pass rates which we expect to be exceptionally high due to our rigorous maintenance procedures. Any failures are fully investigated and reported. During the year the overall pass rate was 98.4%.

Health & Safety statistics are monitored recording actual accidents and near misses with the aim reducing accidents to an absolute minimum. There were no major/RIDDOR reportable incidents, 5 minor accidents and no reported near misses in the financial year.

Staff turnover is monitored. During the year the number of leavers represented 23% of the average workforce. Having regard to the specific circumstances of each individual case and the nature of some work within the business the directors consider this to be normal for the sector.

Future developments

The directors anticipate that the company will remain profitable in the year to 30 September 2022. Although the market is competitive, demand for the rental fleet has fully recovered from the impacts of the coronavirus lockdown. Fleet numbers are increasing in line with customer demand. The results in the first quarter have been encouraging.

On 27 September 2021 the company completed the acquisition of new premises at Patrick Green, Leeds to replace the old Leeds Depot. The new site is also the Head Office and Registered Office.

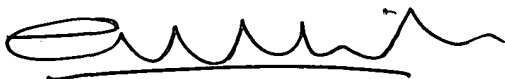
The company will continue to seek new opportunities to grow organically and through acquisition but only when growth can be achieved profitably.

LEEDS COMMERCIAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

On behalf of the board

A handwritten signature in black ink, consisting of a series of loops and a final upward stroke, positioned above a horizontal line.

Mr C J Miller
Director

28 February 2022

LEEDS COMMERCIAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Principal activities

The principal activity of the company continued to be that of commercial vehicle hire.

Directors

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

Mr C J Miller
Mr P R Bumford
Mr P J Graham
Mr J G Wilson

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a further dividend.

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- 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.

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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

LEEDS COMMERCIAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Quality, Environmental and Health & Safety matters

The company is committed to maintaining its Quality, Environmental Management and Health & Safety Systems and is accredited under ISO 9001, ISO 14001 and ISO 45001 respectively.

On behalf of the board

A handwritten signature in black ink, consisting of a series of loops and a final upward stroke, positioned above a horizontal line.

Mr C J Miller

Director

28 February 2022

LEEDS COMMERCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEEDS COMMERCIAL LIMITED

Opinion

We have audited the financial statements of Leeds Commercial Limited (the 'company') for the year ended 30 September 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LEEDS COMMERCIAL LIMITED

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

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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, 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 or intentional misrepresentations, or through collusion.

We focused on laws and regulations, relevant to the Company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described 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 would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

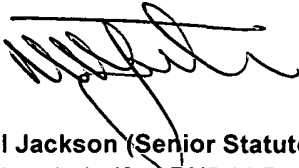
LEEDS COMMERCIAL LIMITED

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

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.



Michael Jackson (Senior Statutory Auditor)
For and on behalf of BHP LLP

Date: 28 Feb 2022

Chartered Accountants
Statutory Auditor

1st Floor, Mayesbrook House
Lawnwood Business Park
Redvers Close
Leeds
LS16 6QY

LEEDS COMMERCIAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	34,993,503	31,727,964
Cost of sales		(17,972,559)	(21,148,741)
Gross profit		17,020,944	10,579,223
Administrative expenses		(4,629,517)	(4,908,695)
Other operating income		78,253	448,737
Operating profit	4	12,469,680	6,119,265
Interest receivable and similar income	7	17,557	9,929
Interest payable and similar expenses	8	(682,080)	(864,942)
Profit before taxation		11,805,157	5,264,252
Tax on profit	9	(2,633,385)	(1,009,600)
Profit for the financial year		9,171,772	4,254,652

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

LEEDS COMMERCIAL LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	72,996,534		53,937,200	
Current assets					
Stocks	13	148,454		175,465	
Debtors falling due after more than one year	14	1,580,000		-	
Debtors falling due within one year	14	5,316,498		4,643,280	
Cash at bank and in hand		5,631,528		9,917,652	
		12,676,480		14,736,397	
Creditors: amounts falling due within one year	15	(24,344,123)		(21,509,663)	
Net current liabilities		(11,667,643)		(6,773,266)	
Total assets less current liabilities		61,328,891		47,163,934	
Creditors: amounts falling due after more than one year	16	(27,114,315)		(22,643,229)	
Provisions for liabilities					
Provisions	19	200,000		200,000	
Deferred tax liability	20	1,632,099		110,000	
		(1,832,099)		(310,000)	
Net assets		32,382,477		24,210,705	
Capital and reserves					
Called up share capital	22	195,300		195,300	
Capital redemption reserve		62,825		62,825	
Profit and loss reserves		32,124,352		23,952,580	
Total equity		32,382,477		24,210,705	

The financial statements were approved by the board of directors and authorised for issue on 28 February 2022 and are signed on its behalf by:



Mr C J Miller
Director

Company Registration No. 00587618

LEEDS COMMERCIAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2019		195,300	62,825	19,697,928	19,956,053
Year ended 30 September 2020:					
Profit and total comprehensive income for the year		-	-	4,254,652	4,254,652
Balance at 30 September 2020		195,300	62,825	23,952,580	24,210,705
Year ended 30 September 2021:					
Profit and total comprehensive income for the year		-	-	9,171,772	9,171,772
Dividends	10	-	-	(1,000,000)	(1,000,000)
Balance at 30 September 2021		195,300	62,825	32,124,352	32,382,477

LEEDS COMMERCIAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27	17,100,337		19,036,335	
Interest paid		(682,080)		(864,942)	
Income taxes paid		(895,975)		(762,500)	
Net cash inflow from operating activities		<u>15,522,282</u>		<u>17,408,893</u>	
Investing activities					
Purchase of tangible fixed assets		(41,427,084)		(21,605,680)	
Proceeds on disposal of tangible fixed assets		14,860,959		15,165,259	
Proceeds on disposal of investment property		-		338,063	
Interest received		17,557		9,929	
Net cash used in investing activities		<u>(26,548,568)</u>		<u>(6,092,429)</u>	
Financing activities					
Proceeds of borrowings		-		46,950	
Increase/(repayment) of borrowings		1,107,215		(1,322,082)	
Proceeds of hire purchase agreements		27,301,638		16,904,494	
Repayment of hire purchase agreements		(20,668,691)		(20,893,300)	
Dividends paid		(1,000,000)		-	
Net cash generated from/(used in) financing activities		<u>6,740,162</u>		<u>(5,263,938)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(4,286,124)</u>		<u>6,052,526</u>	
Cash and cash equivalents at beginning of year		<u>9,917,652</u>		<u>3,865,126</u>	
Cash and cash equivalents at end of year		<u><u>5,631,528</u></u>		<u><u>9,917,652</u></u>	

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Leeds Commercial Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Old Test Station, Patrick Green, Leeds, West Yorkshire, LS26 8HE.

1.1 Accounting convention

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

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

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

1.2 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

As covered in the Strategic Report and is typical in this sector, the balance sheet shows net current liabilities due to the inclusion of future hire purchase payments. The directors are confident that future rental incomes from hired-out vehicles, or the sales receipts receivable from vehicles no longer required, will exceed the hire purchase obligations falling due at any time. In addition, the directors have access to numerous unutilised and agreed lending facilities and substantial unencumbered assets due to the level of equity in the balance sheet.

The coronavirus pandemic has continued to impact businesses across the UK but to a lesser extent than previously. The company has demonstrated that it can successfully adapt to the changing circumstances. The directors have no reason to believe that the current profit and cashflow forecasts will be adversely affected by the impact of the ongoing pandemic.

Consequently the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover on contract and hire sales is recognised in the period in which the services are provided. Turnover is measured at the fair value of the consideration received or receivable, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the supply of related services such as vehicle repairs is recognised at the point the service is provided.

1.4 Tangible fixed assets

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

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

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

Freehold buildings	2% to 10% straight line
Leasehold buildings	Over the life of the lease
Fixtures and fittings	25% reducing balance
Motor vehicles	20% reducing balance
Motor vehicles for hire	20% reducing balance

During the year, the rate of depreciation on Motor Vehicles was revised from 25% to 20%, as in the opinion of the directors, this more accurately reflects the useful lives of the assets.

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 assets held for a period of 10 years are fully written down to reflect their economic value of zero.

1.5 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.

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

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

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

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.11 Provisions

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

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

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.14 Leases

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

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

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

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

1.15 Government grants

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

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

1.16 Foreign exchange

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

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.

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

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.

Depreciation

The depreciation policy has been set according to management's experience of the useful lives of a typical asset in each category. It is not considered practical to use a per unit basis to allocate depreciation. The depreciation charged during the year was £15,138,791 (2020: £16,942,336) which the directors feel is a fair reflection of the benefits derived from consumption of the tangible fixed assets in use during the period.

Amortisation of interest costs on hire purchase agreements

The interest costs on hire purchase agreements are amortised over the life of the agreement to which it relates. The directors feel this is a fair reflection of the benefits derived from the hire purchase agreement.

Dilapidations provision

Dilapidations are an assessment of works required to return a rented property back to the condition prescribed within the tenant's covenants of the lease. Based on the advice obtained from Chartered Surveyors, the directors have estimated that a provision of £200,000 is required in relation to the former Leeds property.

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Hire Sales	25,305,311	20,785,510
Contract sales	7,161,930	8,450,987
Fuel sales	257,046	309,266
Repair sales	1,935,498	1,877,855
Miscellaneous sales	333,718	304,346
	<u>34,993,503</u>	<u>31,727,964</u>
 Grants received	 7,534	 448,737
	<u>7,534</u>	<u>448,737</u>

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(7,534)	(448,737)
Fees payable to the company's auditor for the audit of the company's financial statements	11,200	10,850
Depreciation of owned tangible fixed assets	3,470,677	4,591,292
Depreciation of tangible fixed assets held under finance leases	11,668,114	12,351,044
Profit on disposal of tangible fixed assets	(7,632,000)	(6,449,380)
Profit on disposal of investment property	-	(30,390)
Operating lease charges	368,607	423,894

5 Employees

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

	2021 Number	2020 Number
Administration & support	42	45
Sales	14	15
Operations	84	93
Total	140	153

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	5,782,263	5,951,637
Social security costs	686,691	702,204
Pension costs	182,370	193,457
	6,651,324	6,847,298

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	546,792	507,084
Company pension contributions to defined contribution schemes	56,051	42,656
	602,843	549,740

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

6 Directors' remuneration

(Continued)

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

	2021 £	2020 £
Remuneration for qualifying services	151,803	144,145

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	9,929
Other interest income	17,557	-
Total income	17,557	9,929

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on hire purchase contracts	628,417	816,254
Other finance costs:		
Other interest	53,663	48,688
	682,080	864,942

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	1,107,412	720,000
Adjustments in respect of prior periods	3,874	(25,400)
Total current tax	1,111,286	694,600
Deferred tax		
Origination and reversal of timing differences	1,487,363	299,748
Changes in tax rates on opening balance	34,736	-
Adjustment in respect of prior periods	-	15,252
Total deferred tax	1,522,099	315,000
Total tax charge	2,633,385	1,009,600

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

	2021 £	2020 £
Profit before taxation	11,805,157	5,264,252
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,242,980	1,000,208
Tax effect of expenses that are not deductible in determining taxable profit	200	12,192
Adjustments in respect of prior years	3,874	(10,148)
Remeasurement of deferred tax for changes in tax rates	391,704	-
Deferred tax movement not recognised	(12,977)	-
Other	7,604	7,348
Taxation charge for the year	2,633,385	1,009,600

10 Dividends

	2021 £	2020 £
Interim paid	1,000,000	-

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 Tangible fixed assets

	Freehold buildings £	Leasehold buildings £	Fixtures and fittings £	Motor vehicles £	Motor vehicles for hire £	Total £
Cost						
At 1 October 2020	2,542,417	830,603	1,450,596	1,359,747	102,957,306	109,140,669
Additions	8,123,482	-	125,922	316,286	32,861,394	41,427,084
Disposals	-	-	(42,694)	(312,574)	(23,428,348)	(23,783,616)
At 30 September 2021	10,665,899	830,603	1,533,824	1,363,459	112,390,352	126,784,137
Depreciation and impairment						
At 1 October 2020	588,563	143,296	1,115,112	662,725	52,693,773	55,203,469
Depreciation charged in the year	67,066	13,515	115,183	170,289	14,772,738	15,138,791
Eliminated in respect of disposals	-	-	(42,694)	(150,574)	(16,361,389)	(16,554,657)
At 30 September 2021	655,629	156,811	1,187,601	682,440	51,105,122	53,787,603
Carrying amount						
At 30 September 2021	10,010,270	673,792	346,223	681,019	61,285,230	72,996,534
At 30 September 2020	1,953,854	687,307	335,484	697,022	50,263,533	53,937,200

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under hire purchase agreements.

	2021 £	2020 £
Motor vehicles	46,672,460	37,053,126
Depreciation charge for the year in respect of hire purchase assets	11,668,114	12,351,044

Freehold & leasehold land and buildings with a carrying amount of £2,641,161 (2020 - £2,708,909) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Assets under hire purchase obligations are secured against the assets to which they relate.

12 Financial instruments

All financial assets and liabilities are held at amortised cost.

13 Stocks

	2021 £	2020 £
Stock of parts	148,454	175,465

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	4,688,657	4,012,935
Prepayments and accrued income	627,841	630,345
	5,316,498	4,643,280
Amounts falling due after more than one year:		
Other debtors	1,580,000	-
Total debtors	6,896,498	4,643,280

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under hire purchase agreements	18	18,911,659	16,749,798
Other borrowings	17	1,554,628	447,413
Trade creditors		1,017,504	1,248,212
Corporation tax		587,411	372,100
Other taxation and social security		613,726	1,261,436
Other creditors		653,479	585,312
Accruals and deferred income		1,005,716	845,392
		<u>24,344,123</u>	<u>21,509,663</u>

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under hire purchase agreements	18	<u>27,114,315</u>	<u>22,643,229</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

17 Loans and overdrafts

	2021 £	2020 £
Other loans	<u>1,554,628</u>	<u>447,413</u>
Payable within one year	<u>1,554,628</u>	<u>447,413</u>

18 Hire purchase obligations

	2021 £	2020 £
Future minimum hire purchase payments due under hire purchase agreements:		
Within one year	18,911,659	16,749,798
In two to five years	27,114,315	22,643,229
	<u>46,025,974</u>	<u>39,393,027</u>

Hire purchase payments represent net capital repayments payable by the company for certain vehicles. Agreements include purchase options at the end of the period, and no restrictions are placed on the use of the assets. The average hire purchase term is 4 years. Hire purchase agreements are on a mixture of fixed and variable repayment basis and no arrangements have been entered into for contingent capital repayments.

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 Provisions for liabilities

	2021 £	2020 £
Dilapidations provision	200,000	200,000
Movements on provisions:		
		Dilapidations provision £
At 1 October 2020 and 30 September 2021		200,000

20 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances / depreciation	1,705,584	110,000
Short term timing differences	(73,485)	-
	1,632,099	110,000
Movements in the year:		2021 £
Liability at 1 October 2020		110,000
Charge to profit or loss		1,522,099
Liability at 30 September 2021		1,632,099

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	182,370	193,457

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.

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of £1 each	135,450	135,450	135,450	135,450
Ordinary B shares of £1 each	29,925	29,925	29,925	29,925
Ordinary C shares of £1 each	29,925	29,925	29,925	29,925
	<u>195,300</u>	<u>195,300</u>	<u>195,300</u>	<u>195,300</u>

The Ordinary A, Ordinary B and Ordinary C shares are entitled to vote at shareholders meetings and are entitled to receive dividends.

The holder of the Ordinary A shares holds the casting vote.

23 Financial commitments, guarantees and contingent liabilities

The company's bankers hold a debenture including a fixed charge over all freehold and leasehold property, first fixed charge over book and other debtors, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertakings both present and future.

24 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:

	2021 £	2020 £
Within one year	121,796	225,238
Between two and five years	282,462	369,340
In over five years	748,007	760,825
	<u>1,152,265</u>	<u>1,355,403</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	<u>32,506,962</u>	<u>10,328,888</u>

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	151,102	140,749

Directors' transactions

Dividends totalling £693,548 (2020 - £nil) were paid in the year in respect of shares held by the company's directors.

The company rents a property from a pension scheme of which one of the directors is a trustee. The rent paid during the year was £99,960 (2020 - £95,000).

One of the directors has provided a loan to the company. The amount due to the director at 30 September 2021 was £847,215 (2020 - £271,357).

During the year the company made a a loan to an entity under common control, on which interest is charged at 2.5% above base rate. The balance due at the 30 September 2021 was £1,580,000 (2020 - £nil).

27 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	9,171,772	4,254,652
Adjustments for:		
Taxation charged	2,633,385	1,009,600
Finance costs	682,080	864,942
Investment income	(17,557)	(9,929)
Gain on disposal of tangible fixed assets	(7,632,000)	(6,449,380)
Gain on disposal of investment property	-	(30,390)
Depreciation and impairment of tangible fixed assets	15,138,791	16,942,336
Increase in provisions	-	200,000
Movements in working capital:		
Decrease in stocks	27,011	21,013
(Increase)/decrease in debtors	(2,253,218)	998,195
(Decrease)/increase in creditors	(649,927)	1,235,296
Cash generated from operations	17,100,337	19,036,335

LEEDS COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

28 Analysis of changes in net debt

	1 October 2020 £	Cash flows £	30 September 2021 £
Cash at bank and in hand	9,917,652	(4,286,124)	5,631,528
Borrowings excluding overdrafts	(447,413)	(1,107,215)	(1,554,628)
Obligations under finance leases	(39,393,027)	(6,632,947)	(46,025,974)
	<u>(29,922,788)</u>	<u>(12,026,286)</u>	<u>(41,949,074)</u>