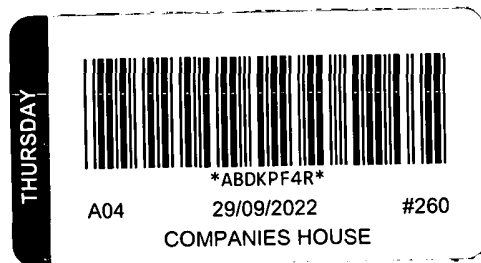


Lewmar Limited

Annual Report and Financial Statements

Year Ended 31 December 2021

Registered Number 00620277



LEWMAR LIMITED
Year ended 31 December 2021

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LEWMAR LIMITED
Year ended 31 December 2021

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Covey
B Hall
M Johnston
J Menefee
C Navarro

REGISTERED OFFICE

Southmoor Lane
Havant
Hampshire
PO9 1JJ

BANKERS

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

INDEPENDENT AUDITOR

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

LEWMAR LIMITED
Year ended 31 December 2021

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The year saw a strong recovery from the 2020 results that were severely impacted by the COVID-19 pandemic.

The company's turnover increased by 43% to £48.5m (2020: £33.8m), the sharp increase in the year being attributable to the recovery to normal trading conditions, post the COVID-19 pandemic. The company's operating profit of £4.5m (2020: £1.3m) increased by 253% compared to the previous year, this upturn was due to the sales volumes significantly increasing post the COVID-19 pandemic and no additional costs being borne in 2021, which were present in 2020, as the business took corrective actions to mitigate the long-term impact of the pandemic.

On the 17 December 2021 the Company was released by deed from an obligation to pay or otherwise settle, for no consideration, an amount due to a fellow group undertaking of £5,275,000.

Key Performance Indicators

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

Sales and Operations

The recovery from the impact of COVID-19 saw increased sales in both of our main geographical markets, the UK/Europe and the US. In the UK and European market total sales increase was 45%, whilst in the US market the increase was 39%. We believe that the corrective actions taken by the business during the COVID-19 pandemic, in 2020, put the business in a strong position to ensure that our market share was maintained in the post pandemic recovery.

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

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

LEWMAR LIMITED
Year ended 31 December 2021

STRATEGIC REPORT (Continued)

FINANCIAL RISK MANAGEMENT POLICIES AND PROCEDURES

Principal risks and uncertainties

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

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

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

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

Price risk

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

Interest rate risk

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

Credit risk

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

Liquidity and Cash flow risk

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

LIKELY FUTURE DEVELOPMENTS IN THE BUSINESS OF THE COMPANY

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

The LCI Industries group as a whole also maintains a strong financial position supported by ample liquidity, with a current net debt position of \$1,231 million, net of \$55 million of cash available on its balance sheet and borrowing availability of \$130 million at March 31, 2022.

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

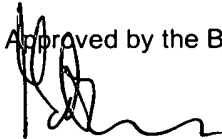
LEWMAR LIMITED
Year ended 31 December 2021

STRATEGIC REPORT (Continued)

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

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

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



M Johnston
Director
27 September 2022

LEWMAR LIMITED
Year ended 31 December 2021

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

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

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

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

People

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

Customers

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

Suppliers

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

Community

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

LEWMAR LIMITED
Year ended 31 December 2021

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors

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

A Covey (appointed 17 June 2022)
B Hall
M Johnston (appointed 17 June 2022)
J Lippert (resigned 17 June 2022)
J Menefee
A Namenye (resigned 17 June 2022)
C Navarro (appointed 17 June 2022)
P Tierney (resigned 11 March 2022)

Qualifying indemnity provisions

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

Dividends

The directors do not recommend the payment of a dividend for the year (2020: £nil).

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

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

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

Post Balance Sheet Events

There are no material post balance sheet events.

Research and Development

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

Employee Involvement

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

LEWMAR LIMITED
Year ended 31 December 2021

DIRECTORS' REPORT (Continued)

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

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

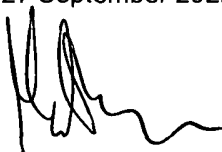
- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

Independent auditor

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

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

M Johnston
Director
27 September 2022



LEWMAR LIMITED
Year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWMAR LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lewmar Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

LEWMAR LIMITED
Year ended 31 December 2021

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

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

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

LEWMAR LIMITED
Year ended 31 December 2021

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

Procedures performed by the Company audit team included:

- Review of board minutes and discussions with those charged with governance regarding known or suspected non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect fraud and irregularities; and
- Evaluating journal entries with specific criteria which were processed during and after the Company's financial year end as part of our planned audit approach.

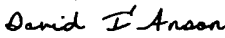
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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David I'Anson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
28 September 2022

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

LEWMAR LIMITED
Year ended 31 December 2021

STATEMENT OF COMPREHENSIVE INCOME

		2021	2020
		£000	£000
TURNOVER	Notes 3	48,463	33,785
Cost of Sales		(37,897)	(28,424)
Gross Profit		10,566	5,361
Distribution Costs		(1,780)	(1,202)
Administration Costs		(4,341)	(4,277)
Other Operating Income	7	35	1,386
OPERATING PROFIT	5	4,480	1,268
Interest payable and similar charges	6	(19)	(294)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,461	974
Tax on profit on ordinary activities	8	(886)	84
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,575	1,058

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

LEWMAR LIMITED
Year ended 31 December 2021

Company number: 00620277
STATEMENT OF FINANCIAL POSITION

		2021	2020
		£'000	£'000
Fixed assets	Notes		
Tangible assets	9	3,694	3,068
		<hr/>	<hr/>
		3,694	3,068
Current assets			
Stock	10	9,188	5,575
Debtors	11	7,756	4,708
Cash at bank and in hand		8,997	8,592
		<hr/>	<hr/>
		25,941	18,875
Creditors: Amounts falling due within one year	12	(10,626)	(12,013)
		<hr/>	<hr/>
Net current assets		15,315	6,862
		<hr/>	<hr/>
Total assets less current liabilities		19,009	9,930
Creditors: amounts falling due after one year	13	(31)	(71)
Provisions for liabilities	14	(395)	(126)
		<hr/>	<hr/>
Net assets		18,583	9,733
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	15	75	75
Profit and loss account		18,508	9,658
		<hr/>	<hr/>
Shareholders' funds		18,583	9,733
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2022 and were signed on its behalf by:



M Johnston
 Director

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

LEWMAR LIMITED
Year ended 31 December 2021

STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2019	75	4,100	4,175
Profit for the year	-	1,058	1,058
Total comprehensive income for the year	-	1,058	1,058
Capital contribution	-	4,500	4,500
Total contributions by and distributions to owners	-	4,500	4,500
At 31 December 2020	75	9,658	9,733
Profit for the year	-	3,575	3,575
Total comprehensive income for the year	-	3,575	3,575
Capital contribution	-	5,275	5,275
Total contributions by and distributions to owners	-	5,275	5,275
At 31 December 2021	75	18,508	18,583

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

LEWMAR LIMITED

Year ended 31 December 2021

NOTES TO THE ACCOUNTS

1. Accounting Policies:

General information

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

Basis of preparation

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

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

The following principal accounting policies have been applied:

Reduced disclosure exemption

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

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

Going concern

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

However, it is acknowledged that the ongoing effects of the COVID-19 pandemic and the conflict in Ukraine are having an impact on the global and UK economy and businesses. The directors have produced a detailed going concern working paper for the company. This concludes that the company has sufficient headroom in its cash position to be able to continue operations based on business levels far below those currently predicted for some time. The company continues to enjoy the support of the LCI Industries group and has cash available on its balance sheet of over £3.0m at 31 August 2022.

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

Turnover

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

Tangible Fixed Assets

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

LEWMAR LIMITED
Year ended 31 December 2021

NOTES TO THE ACCOUNTS
(Continued)

1. Accounting Policies (Continued):

Depreciation

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

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

Stocks

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

Taxation

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

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

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

Foreign Currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Research and Development

Expenditure on research and development is written off as incurred.

LEWMAR LIMITED
Year ended 31 December 2021

NOTES TO THE ACCOUNTS
(Continued)

1. Accounting Policies (Continued):

Leased Assets

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

Pension Commitments

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

Warranties

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

Government grants

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

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

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

Leases

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

Provisions

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

3. Turnover

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

The analysis of turnover by destination is as follows:

	2021	2020
	£'000	£'000
United Kingdom	7,197	4,947
Rest of Europe	26,967	18,690
USA	9,731	7,010
Rest of World	4,568	3,138
	<hr/>	<hr/>
	48,463	33,785
	<hr/>	<hr/>

LEWMAR LIMITED
Year ended 31 December 2021

NOTES TO THE ACCOUNTS
(Continued)

4. Staff costs

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

	2021	2020
Production	221	225
Selling and Distribution	37	33
General and Administration	20	15
	<u>278</u>	<u>273</u>

	2021	2020
	£'000	£'000
The aggregate payroll costs comprise:		
Wages and Salaries	9,603	8,734
Social security costs	1,049	903
Pension costs	260	271
	<u>10,912</u>	<u>9,908</u>

	2021	2020
	£'000	£'000
Director's emoluments		
Emoluments – management charge	165	180
Directors' emoluments	36	-
	<u>36</u>	<u>-</u>

Prior to 1 December 2021 the directors were employed by Lewmar Marine Limited, which bore the costs of their total remuneration. Lewmar Marine Limited recharged the company a monthly management charge in respect of the services provided by the directors to the company and this amount is disclosed above.

From the 1 December 2021 the directors' contracts of employment were novated to Lewmar Limited from Lewmar Marine Limited. From 1 December the directors were remunerated by Lewmar Limited.

5. Operating profit

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

	2021	2020
	£'000	£'000
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	36	34
Operating lease rentals - Plant and machinery	173	162
Operating lease rentals - Land and buildings	768	601
Depreciation - leased assets	21	28
Depreciation - owned assets	595	541
Redundancy costs	-	314
	<u>1,593</u>	<u>1,570</u>

LEWMAR LIMITED
Year ended 31 December 2021
NOTES TO THE ACCOUNTS
(Continued)

6. Interest payable and similar charges

	2021	2020
	£'000	£'000
Interest payable on bank loans and overdrafts	(15)	(7)
Interest payable to group companies	-	(280)
Finance lease interest payable	(4)	(7)
	<u>(19)</u>	<u>(294)</u>

7. Other Income

	2021	2020
	£'000	£'000
Coronavirus job retention government grant income	35	1,386
	<u>35</u>	<u>1,386</u>

8. Taxation

	2021	2020
	£'000	£'000
a) The tax charge(credit) on ordinary activities comprise:		
Current tax		
UK Corporation tax on the profit for the period	617	-
Total current tax charge	<u>617</u>	<u>-</u>
Deferred Tax		
Origination and reversal of timing differences	169	(109)
Adjustment in respect of previous periods	5	-
Effect of changes in tax rates	95	25
Total deferred tax	<u>269</u>	<u>(84)</u>
Tax charge/(credit) on ordinary activities	<u>886</u>	<u>(84)</u>

b) The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£'000	£'000
Profit on ordinary activities	4,461	974
Tax on profit on ordinary activities at standard rate of 19.00% (2020: 19.00%)	848	185
Effect of:		
Expenses not deductible for tax purposes	8	7
Income not taxable	(38)	-
Effects of group relief/other relief	(2)	(271)
Transfer pricing adjustments	(30)	(30)
Adjustment from previous periods	5	-
Effect of rate changes arising on deferred tax	95	25
Tax charge/(credit) on ordinary activities	<u>886</u>	<u>(84)</u>

LEWMAR LIMITED
Year ended 31 December 2021

NOTES TO THE ACCOUNTS
(Continued)

9. Tangible Fixed Assets

	IT Equipment £'000	Leasehold improvements, fixtures and fittings £'000	Plant and vehicles £'000	Total £'000
Cost				
At 1 January 2021	2,390	1,222	13,699	17,311
Additions	641	141	460	1,242
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	3,031	1,363	14,159	18,553
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2021	2,147	775	11,321	14,243
Provision for year	107	66	443	616
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	2,254	841	11,764	14,859
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 December 2021	777	522	2,395	3,694
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2021	243	447	2,378	3,068
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the amounts for plant and vehicles above is a cost of £283,000 (2020: £283,000), depreciation of £105,000 (2020: £84,000) and net book value of £178,000 (2020: £199,000) relating to assets held under finance leases.

10. Stock

	2021 £'000	2020 £'000
Raw materials and consumables	6,222	3,540
Work in progress	359	401
Finished goods	2,607	1,634
	<hr/>	<hr/>
	9,188	5,575
	<hr/>	<hr/>

11. Debtors

	2021 £'000	2020 £'000
Trade debtors	5,387	3,607
Other debtors	1,303	434
Prepayments and accrued income	254	201
Amounts owed by parent and fellow subsidiary undertakings	812	466
	<hr/>	<hr/>
	7,756	4,708
	<hr/>	<hr/>

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

LEWMAR LIMITED
Year ended 31 December 2021

NOTES TO THE ACCOUNTS
(Continued)

12. Creditors: Amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	6,999	4,384
Amounts owed to group undertakings	221	5,456
Other taxes & social security	300	237
Corporation Tax	617	-
Other creditors	794	831
Accruals and deferred income	1,655	1,063
HP and finance lease creditor	40	42
	<u>10,626</u>	<u>12,013</u>

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

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

13. Creditors: Amounts falling due after one year

	2021	2020
	£'000	£'000
HP and finance lease creditor – due between one and two years	31	71
	<u>31</u>	<u>71</u>

14. Provision for Liabilities

	Deferred Tax
	£'000
At 1 January 2021	126
Adjustment in respect of prior years	5
Deferred tax credit to income statement in the period	264
At 31 December 2021	<u>395</u>

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

15. Called up Share Capital

	2021	2020
	£'000	£'000
80,000 Authorised Ordinary Shares of £1 each	80	80
75,000 Issued and fully paid Ordinary Shares of £1 each	<u>75</u>	<u>75</u>

16. Reserves

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

LEWMAR LIMITED
Year ended 31 December 2021

NOTES TO THE ACCOUNTS
(Continued)

17. Leasing Commitments

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

	Property		Plant & Machinery	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	551	575	138	122
Between one and five years	1,160	1,135	277	138
After five years	1,015	983	18	-
	<u>2,726</u>	<u>2,693</u>	<u>433</u>	<u>260</u>

18. Capital Commitments

At the end of the period, capital commitments were:

	2021 £'000	2020 £'000
Contracted but not provided for	<u>367</u>	<u>120</u>

19. Pension Commitments:

The Company operates defined contribution pension schemes. The total pension cost for the year ending 31 December 2021 amounted to £260,000 (2020: £271,000). There were outstanding pension contributions at 31 December 2021 of £46,000 (2020: £39,000).

20. Contingent Liabilities:

The company has contingent liabilities in respect of guarantees given to the Bank of Scotland for overdrafts arising within Group companies of £126,000 (2020: £205,000).

21. Ultimate Parent Undertaking:

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

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

22. Related Party Transactions:

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