

Lewis Communications Limited

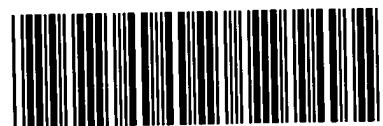
Report and Financial Statements

Year Ended

31 July 2022

Company Number 02370504

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Lewis Communications Limited

Report and financial statements
for the year ended 31 July 2022

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Directors

E K Ford
C N Lewis

Company secretary

S L Aitchison

Registered office

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

Company number

02370504

Auditor

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

Lewis Communications Limited

Strategic report for the year ended 31 July 2022

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

Business model

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

Performance and business review

Gross profit, defined herein as "revenue", for the year is £8.4m (2021: £7.1m). This represents an increase of 19.5% over the prior year and is the highest revenue in the company's history. The revenue increase was driven by strong client demand for all the company's services. Rates of client retention were good, which meant the majority of new business won, and client expansions, led to increased revenues, as opposed to replacing business. The company carried strong revenue momentum into financial year 2022 and management expects revenues will grow again in the current financial year.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before highlighted items was £850,000 (2021: £790,000). The EBITDA margin before highlighted items is 10.1% (2021: 11.2%). The decrease in EBITDA before highlighted items is due mainly to mainly to two factors. Firstly, a groupwide bonus was paid in December 2021. This bonus was intended as a "thank you" to colleagues who had supported the group throughout the pandemic. Secondly, wage costs in the year increased as a proportion of revenues. The group had to hire more people to maintain high service levels for current clients, and to be available to take on new business. In particular, further investment was made in creative services and an academy, known as RISE, was established to recruit and train entry level staff. Core principles of the RISE Academy are to provide opportunities for candidates who may not be graduates and for more mature candidates who want switch to a career in marketing. Highlighted items comprise foreign exchange gains, depreciation and reorganisation costs.

TEAM LEWIS Foundation, the charitable arm of the group, continues to develop its major giving program. The Group provides every employee in the group up to £1,000 to donate to a charity of their choice and gives each employee a matching bonus for each donation the group makes. Many employees choose to donate this bonus to charity as well. Across the group as a whole, In total the Group donated £559,000 during the year to 475 charities. In addition to the cash donations, pro bono marketing support was provided to many of these individual charities. The Directors believe that this is one of the largest employee-directed philanthropic programmes in our industry. It is not only worthwhile in its own terms, but is also an important contributor to staff recruitment and retention. The work done by the foundation was recognised extensively by the marketing and philanthropic industries – six awards were won during the year and we were a finalist in four others.

Key performance indicators

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

	2022 £'000	2021 £'000
Net revenues (gross profit)	8,442	7,063
EBITDA ⁽¹⁾	850	790
EBITDA margin (EBITDA divided by gross profit) ⁽¹⁾	10.1%	11.2%
Charitable giving (included with EBITDA above)	287	156

(1) Before highlighted items (see page 10 & Note 4 page 15)

Lewis Communications Limited

Strategic report
for the year ended 31 July 2022 (*continued*)

Going concern

Lewis Communications (Holdings) Limited, the Company's parent company, has prepared forecasts, and stress tests, at a Group level up to and including financial year 2027. The forecasts reflect the Group's cash holdings and committed financing facilities. The directors have reviewed these forecasts and are confident the Company will meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The Company has also been provided a letter of financial support by Lewis Communications (Holdings) Limited, for a period of not less than 15 months from the date these financial statements were approved. The parent company warrants that it will meet any liabilities that fall due on the Company, in the event that the Company is not able to meet these. As such the directors of the company continue to adopt the going concern basis of accounting in preparing these financial statements.

Principal risks and uncertainties

The balance of new business and client losses

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

Recruitment and retention of staff

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

Client receivables

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

Economic downturn

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

Approval

This strategic report was approved by the board on 19 June 2023



C N Lewis

Director

Lewis Communications Limited

Directors' report for the year ended 31 July 2022

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

Results and dividends

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

During the year dividends of £nil (2021: £4,000,000) were declared. No final dividend (2021: £nil) was recommended.

Charitable and political contributions

During the year the company made charitable contributions of £287,000 (2021: £156,000).

Directors and their interests

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

E K Ford
C N Lewis

Auditors

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

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

On behalf of the Board



C N Lewis

Director

Date 19 June 2023

Lewis Communications Limited

Directors' responsibilities statement for the year ended 31 July 2022

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

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

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

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

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

Lewis Communications Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWIS COMMUNICATIONS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lewis Communications Limited ("the Company") for the year ended 31 July 2022 which comprise the statement of income and retained earnings, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Lewis Communications Limited

Independent auditor's report (*continued*)

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Lewis Communications Limited

Independent auditor's report (*continued*)

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

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

Our testing included, but was not limited to:


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

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

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

Use of our report

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

DocuSigned by:

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Daniel Laird (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date 19 June 2023

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

Lewis Communications Limited

Statement of income and retained earnings for the year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Turnover	3	9,769	8,233
Cost of sales		(1,327)	(1,170)
Gross profit		8,442	7,063
Administrative expenses		(7,595)	(6,273)
Operating profit before highlighted items		847	790
Highlighted income /(expenditure)	4	409	(147)
Operating profit	4	1,256	643
Income from fixed asset investment	5	-	1,481
Interest receivable	6	46	4
Interest payable	7	(150)	(30)
Profit on ordinary activities before taxation		1,152	2,098
Taxation on profit from ordinary activities	9	(176)	(1)
Profit and total comprehensive income for the year		976	2,097
Retained earnings brought forward		2,823	4,726
Profit and total comprehensive income for the year		976	2,097
Dividends paid	10	-	(4,000)
Retained earnings carried forward		3,799	2,823

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

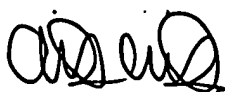
The notes on pages 12 to 22 form part of these financial statements

Lewis Communications Limited

Balance sheet at 31 July 2022

<i>Company number 02370504</i>	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	11		140		-
Tangible fixed assets	12		189		140
Investments	13		146		17
			475		157
Current assets					
Debtors	14	2,081		1,607	
Cash at bank		14,737		11,991	
		16,818		13,598	
Creditors: amounts falling due within one year	15	(13,489)		(10,927)	
Net current assets			3,329		2,671
Net assets			3,804		2,828
Capital and reserves					
Called up share capital	19		5		5
Profit and loss account			3,799		2,823
Shareholder funds			3,804		2,828

The financial statements were approved by the Board of Directors and authorised for issue on 19 June 2023



C N Lewis
Director

The notes on pages 12 to 22 form part of these financial statements.

Lewis Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2022

1 Accounting policies

Lewis Communications Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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

Reduced disclosure exemptions

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

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

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

Basis of preparation

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

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

Lewis Communications (Holdings) Limited, the Company's parent company, has prepared forecasts, and stress tests, at a Group level up to and including financial year 2027. The forecasts reflect the Group's cash holdings and committed financing facilities. The directors have reviewed these forecasts and are confident the Company will meet its liabilities as they fall due. The Company has also been provided a letter of financial support by Lewis Communications (Holdings) Limited, for a period of not less than 15 months from the date these financial statements were approved. The parent company warrants that it will meet any liabilities that fall due on the Company, in the event that the Company is not able to meet these. As such the directors of the company continue to adopt the going concern basis of accounting in preparing these financial statements.

Lewis Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2022 (continued)

1 Accounting policies (continued)

Turnover

The amount of revenue recognised depends on whether the Company acts as an agent or as a principal. The Company acts as principal when the Group controls the specified good or service prior to transfer. When the Company acts as a principal, the revenue recorded is the gross amount billed. Billings related to media placements and out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense. Certain other arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases, we are acting as an agent and we do not control the relevant good or service before it is transferred to the client. When the Group is acting as an agent, the revenue is recorded at the net amount retained.

Further details on revenue recognition in terms of the nature of contractual agreements are as follows:

- retainer fees relate to arrangements whereby we have an obligation to perform services to the customer on an ongoing basis over the life of the contract. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition;
- project fees relate to assignments carried over a defined period or for a defined purpose, typically of short duration. Where these are carried out on an ongoing basis over the life of a contract, then fees are recognised similarly to retainers over the period of the relevant assignments. In cases where the value delivered to the customer based on project milestones completed, as set out in the contract, revenue is recognised in line with these milestones; and
- revenue can be derived from media placements. Where the Company acts as principal, media revenues and costs are recognised in line with the recognition of revenues for the associated retainer or project.

Foreign currencies

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

Depreciation

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

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

Intangibles

Investment in computer software is treated as an intangible assets and is amortised over its estimated useful life, which is considered to be three years.

Taxation

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

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

Lewis Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2022 (*continued*)

Deferred taxation

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

Deferred tax balances are not discounted.

Dividends

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

Leased assets

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

Investments

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

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

Financial assets

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

Financial liabilities and equity

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

Pension costs

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

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

Interest bearing loans and borrowings

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

Lewis Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2022 (continued)

Holiday pay accrual

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

Share Capital and Reserves

Share Capital and Reserves represent:

Share capital – Nominal value of share capital subscribed for.

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

2 Key judgements

Fixed assets and useful lives

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

Revenue recognition

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

3 Turnover

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

4 Operating profit

	2022 £'000	2021 £'000
<i>The operating profit is stated after charging:</i>		
Operating lease - land and buildings	212	231
Operating lease - other	-	6
Amounts payable to the auditors:		
- audit services	52	46
- taxation services	19	11
	<hr/>	<hr/>
Highlighted items are as follows:		
Highlighted (income) / expenditure		
Foreign exchange gain	(538)	-
Depreciation	129	60
Reorganisation costs	-	87
	<hr/>	<hr/>
	(409)	147
	<hr/>	<hr/>

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

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

5	Income from fixed asset investments	2022 £'000	2021 £'000
	Dividend received from subsidiary undertaking	-	1,481
		-	1,481
		-	1,481
6	Interest receivable	2022 £'000	2021 £'000
	Bank interest receivable	46	4
		46	4
		46	4
7	Interest payable	2022 £'000	2021 £'000
	Group interest payable	150	30
		150	30
		150	30
8	Directors and employees	2022 £'000	2021 £'000
	Staff costs (including directors) includes:		
	Wages and salaries	6,608	5,245
	Social security costs	782	546
	Other pension costs	166	129
	Staff costs recharged to other group companies	(2,346)	(1,175)
		5,210	4,745
		5,210	4,745

The average number of employees, including directors, during the year was 107 (2021 - 88). The total emoluments of key management personnel excluding directors were £505,000 (2021: £331,000).

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

8 Directors and employees (*continued*)

	2022	2021
	£'000	£'000
Directors' emoluments	142	128

The highest paid director received emoluments of £118,000 (2021: £104,000).

9 Taxation on profit from ordinary activities

	2022	2021
	£'000	£'000
<i>Current tax</i>		
UK corporation tax	200	17
Adjustment in respect of previous periods	(24)	(16)
	176	1
Tax on profit on ordinary activities	176	1

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

	2022	2021
	£'000	£'000
Profit on ordinary activities before tax	1,152	2,098
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	219	399
Effects of:		
Expenses not deductible for tax purposes	38	36
Income not taxable	-	(282)
Group relief claimed	-	(118)
Adjustment to tax charge in respect of prior years	(24)	(16)
Remeasurement of deferred tax for changes in tax rates	-	3
Deferred tax not recognised	(57)	(21)
	176	1
Total tax charge for the year	176	1

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

10 Dividends

	2022 £'000	2021 £'000
Ordinary shares paid £nil (2021 - £800) per share	-	4,000

11 Intangible assets

Group	Software £'000	Total £'000
<i>Cost</i>		
At 1 August 2021	-	-
Additions	165	165
At 31 July 2022	165	165
<i>Amortisation</i>		
At 1 August 2021	-	-
Provided for in the year	25	25
At 31 July 2022	25	25
<i>Net book value</i>		
At 31 July 2022	140	140
At 31 July 2021	-	-

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

12 Tangible fixed assets	Short leasehold property £'000	Furniture and equipment £'000	Total £'000
<i>Cost</i>			
At 1 August 2021	599	2,336	2,935
Additions		153	153
Disposals	(48)	(2,161)	(2,209)
	<hr/>	<hr/>	<hr/>
At 31 July 2022	551	328	879
<i>Depreciation</i>			
At 1 August 2021	599	2,196	2,795
Charge for year		104	104
Disposals	(48)	(2,161)	(2,209)
	<hr/>	<hr/>	<hr/>
At 31 July 2022	551	139	690
<i>Net book value</i>			
At 31 July 2022	-	189	189
	<hr/>	<hr/>	<hr/>
At 31 July 2021	-	140	140
	<hr/>	<hr/>	<hr/>

During the year, the group disposed of various IT equipment and other items held for a number of years and no longer in use.

13 Fixed asset investments	2022 £'000	2021 £'000
<i>Cost and net book value</i>		
Shares in Group companies	17	17
Other Investments	129	-
	<hr/>	<hr/>
	146	17
	<hr/>	<hr/>

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

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

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

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

14 Debtors	2022 £'000	2021 £'000
Trade debtors	1,610	1,090
Other debtors	94	35
Prepayments and accrued income	377	374
Corporation tax	-	108
	2,081	1,607
	2,081	1,607
15 Creditors: amounts falling due within one year	2022 £'000	2021 £'000
Trade creditors	432	175
Corporation tax	24	-
Other taxes and social security	403	510
Other creditors	279	208
Director's loan account	981	192
Accruals and deferred income	2,307	2,081
Amounts owed to group undertakings	9,063	7,761
	13,489	10,927
	13,489	10,927
16 Financial instruments	2022 £'000	2021 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	16,516	13,185
	16,516	13,185
Financial liabilities		
Financial liabilities measured at amortised cost	12,536	9,973
	12,536	9,973

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

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, accruals, director's loan account, other creditors and amounts owed by group undertakings.

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (continued)

17 Deferred taxation

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

	2022 £'000	2021 £'000
Unprovided		
Accelerated capital allowances	(6)	(6)
Timing differences	(5)	(5)
	<hr/>	<hr/>
Potential deferred tax liability	(11)	(11)
	<hr/>	<hr/>

18 Commitments and contingencies

As at 31 July 2022, the company had annual commitments under non-cancellable operating leases as set out below:

	2022 Land and buildings £'000	2022 Other £'000	2021 Land and buildings £'000	2021 Other £'000
Within one year	219	-	137	-
In two to five years	254	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	473	-	137	-
	<hr/>	<hr/>	<hr/>	<hr/>

19 Share capital

	2022 Number	Authorised 2021 Number	2022 £'000	2021 £'000
Ordinary shares of £1 each	100,000	100,000	100	100
	<hr/>	<hr/>	<hr/>	<hr/>
	2022 Number	Allotted, called up and fully paid 2021 Number	2022 £'000	2021 £'000
Ordinary shares of £1 each	5,000	5,000	5	5
	<hr/>	<hr/>	<hr/>	<hr/>

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

Lewis Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

20 Related party transactions

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

During the year, the company rented premises from C N Lewis, a director, for a total of £24,000 (2021: £24,000) and donated £15,000 (2021: £10,000) to Team Lewis Foundation, a charity of which is C N Lewis is a Trustee. The Company's other charitable contributions are facilitated and managed by Team Lewis Foundation but are made directly by the Company to the charities concerned.

During the year, advances were made to C N Lewis of £nil (2021: £nil). At the year end amounts owing from the company were £980,595 (2021: owing from the company £192,000).

21 Ultimate parent company

At 31 July 2022, the company's immediate and ultimate parent company was Lewis Communications (Holdings) Limited which is incorporated in England.

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

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