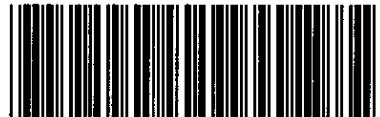


Company Registration No. 09984149 (England and Wales)

LANES-I LIMITED
REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 JULY 2023

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LANES-I LIMITED

COMPANY INFORMATION

Directors	A J Brierley W T Earnshaw D L Roberts S T Norris B Draycott
Secretary	S T Norris
Company number	09984149
Registered office	C/O Elements Ring Rd Lower Wortley Leeds West Yorkshire LS12 6AB United Kingdom
Accountants	RSM UK Tax and Accounting Limited Chartered Accountants Ninth Floor, Landmark St Peter's Square 1 Oxford Street Manchester M1 4PR

LANES-I LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2023

The directors present their strategic report together with the audited financial statements of the company for the year ended 31 July 2023.

Fair review of the business

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

Profit for the year, after taxation £5.25m (2022: £2.61m).

Turnover increased by 54% and £37.4m during the current year from £68.7m to £106.1m and the Directors believe this is down to exceptional performance of the company.

The gross profit margin continues to show improvement from 15.6% in 2022 to 18.6% in 2023.

Principle Core Activities:

Lanes-i continues its trajectory as a rapidly growing and highly respected Utilities Infrastructure Services provider. In the past year, significant strides have been made to enhance adjacent sectors, including water, gas, and energy. This evolution positions Lanes-i as a comprehensive leader in the utility construction services domain, complementing its initial heartland in telecommunications.

Growth Strategy:

Building upon the success of the previous year, Lanes-i has refined its growth strategy to encompass a broader spectrum of utility sectors:

1. Growth with Existing Clients:

- Strengthened relationships with fiber-optic network companies, with contractual agreements and additional orders contributing to a robust revenue stream.
- Opportunities expanded to support clients in water, gas, and energy sectors as they extend their infrastructure.

2. Expansion into Multiple Utility Sectors

- Leveraging core engineering and construction skills for expansion into water, gas, and energy sectors.
- Disrupting established players in traditional utilities, emphasizing the differentiated Lanes-i approach.

3. Technology Innovation:

- Continual investment in cutting-edge technology, focusing on service delivery in water, gas, and energy sectors.
- Pioneer in technology-enabled service delivery, incorporating digital record-keeping, advanced analytics, and real-time project visibility.

Business Model:

Lanes-i's adaptive business model reflects the expansion into multiple utility sectors.

1. Comprehensive Utility Infrastructure Services:

- Validating and iterating detailed designs with clients in water, gas, and energy sectors.
- Forging strong relationships with regulatory bodies and authorities to ensure seamless project execution.

2. State-of-the-Art Equipment:

- Continued investment in specialised vehicles tailored for water, gas, and energy infrastructure projects.
- Integration of advanced technology and equipment to enhance efficiency and productivity across diverse utility sectors.

3. Safety and Compliance:

- Maintaining a "Zero Compromise" approach to health, safety, and environmental standards.
- Adherence to ISO 45001 accreditation and rigorous field-based data collection for real-time monitoring and compliance evidence.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Distinctive People Culture

Lanes-i's commitment to its people remains unwavering, fostering a positive and empowering environment:

1. Expanded Recruitment and Development:

- Tailored recruitment and development strategies to align with the evolving needs of the utility infrastructure services.
- Ongoing emphasis on employee well-being, collaboration, and training programmes relevant to water, gas, and energy sectors.

2. Stakeholder Engagement:

- Strengthened engagement with stakeholders, aligning with the dynamic landscape of utility infrastructure services.
- Commitment to environmental sustainability, with targeted initiatives addressing the unique challenges in water, gas, and energy sectors.

Significant Growth Opportunity:

Lanes-i is strategically positioned to capitalise on significant growth opportunities, driven by a dedicated and focused management team boasting a collective 130+ years of pertinent experience. The company's commitment to diversification is evident in its high transferability of skills and expertise into emerging infrastructure sectors, including EV charging and renewables/energy transition. Furthermore, Lanes-i stands poised to disrupt established operators in traditional utilities, showcasing its adaptability to industry changes.

The company's financial performance demonstrates its robust platform and scale potential across multiple sectors. In the current fiscal year, Lanes-i has achieved an impressive £106.1 million in contracted revenues, translating to a £8.016 million EBITDA. This financial strength positions Lanes-i as a high-quality platform with the capacity for significant scalability, underlining its resilience and adaptability to the evolving market landscape.

Updated Business Model:

Lanes-i's business model has evolved to embrace its new additional opportunities as a leading Utilities Infrastructure Services provider, encompassing telecommunications, EV charging, water, gas, and energy sectors. This transformation has been guided by a meticulous approach, involving the reverse engineering of the seven causes of poor quality and customer discontent observed in the rest of the industry.

The core tenets of Lanes-i's refined business model include:

Comprehensive Utility Infrastructure Services:

- Rigorous validation and iteration of detailed designs with clients in diverse utility sectors.
- Strategic relationships with regulatory bodies and authorities for streamlined project execution.

Adaptable State-of-the-Art Equipment:

- Continued investment in specialised vehicles tailored for telecommunications, EV charging, water, gas, and energy infrastructure projects.
- Integration of advanced technology and equipment to enhance efficiency and productivity across a broad utility spectrum.

Safety & Compliance Excellence:

- Upholding a "Zero Compromise" approach to health, safety, and environmental standards.
- Adherence to ISO 45001 accreditation and rigorous field-based data collection for real-time monitoring and compliance evidence, now expanded to cover a broader utility landscape.

Lanes-i continues to set itself apart in the utilities construction services sector with an evolved and comprehensive differentiation strategy. The Lanes-i difference is characterised by:

1. Collaborative Design Validation:

- Iterating and validating detailed designs collaboratively with customers upfront across diverse utility sectors.
- In-depth buildable evaluations, site validations, and information take-offs ensure precision in project planning.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

Safety and Compliance Excellence (continued)

2. Strategic Relationships with Authorities:

- Dedication to forging strong working relationships with local authorities, facilitating seamless build processes and permit availability.
- Proactive engagement with regulatory bodies to ensure compliance and smooth project execution.

3. Winning Team Selection:

- Formation of winning teams based on cultural fit and complementary skills, fostering high motivation and efficiency in project delivery.
- Emphasis on creating collaborative and dynamic delivery units in the field.

4. Co-Located Customer Personnel:

- Co-location of customer personnel in Lanes-i offices, promoting open access to digital tools for efficient collaboration and issue resolution.
- Shared access to Lanes-i's digital tools ensures transparency and real-time collaboration.

5. Performance Incentives and Tools Investment:

- Incentivising field teams based on hours, fostering alignment on a "right-first time" delivery approach.
- Continuous investment in the best tools and equipment, ensuring optimal performance and efficiency.

6. Site Cleanliness and Consideration:

- Commitment to leaving every site cleaner and tidier than found, coupled with a conscious effort to aid when needed.
- Demonstrating consideration for the communities served and maintaining a positive impact on the local environment.

7. As-Built Records Compliance:

- Achieving 100% compliance to 'As-Built' records through the use of technology and state-of-the-art equipment.
- Employing innovative solutions to safely deliver high-quality services in line with industry standards.
- Adoption of GPS technology from Trimble to capture and auto-populate as-built drawings, specifically referencing network build status.
- Data is collected within a remarkable 10-minute timeframe, with mapping available instantly and seamlessly integrated into the PMO (Monday.com) in real-time.

8. Continuous Innovation and Investment:

- Lanes-i's commitment to continuous innovation and substantial investment to deliver optimal outcomes for clients across a broad range of utility sectors.

9. PMO System Excellence:

- Utilising Monday.com, a highly configured cloud-based project management tool, as the backbone of Lanes-i's operations.
- Key features include live data dashboards, comprehensive project tracking, and progress updates, ensuring transparency, governance, and collaborative project management.

10. Site Tracking:

- Implementation of FieldViewer and Samsung tablets for meticulous site tracking.
- These tools monitor compliance, facilitate point-of-work risk assessments (POWRA), and conduct safety audits in real-time.

11. Vehicle Tracking:

- Integration of Samsara fleet management capability across all vehicles and plants.
- Enables detailed analysis of key performance indicators (KPIs) such as journey time, productivity, efficiency, driving behaviour, and security.
- Provides real-time visibility of all deployed assets and teams, ensuring optimal operational oversight.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Safety and Compliance Excellence (continued)

12. Real time Monitoring and Evidence:

- Utilisation of FieldViewer to go beyond compliance, transforming into a comprehensive works evidencing and data capture solution.
- Originally employed as an audit tool, it has evolved into a fully functioning works management system. It comprises modules capturing:
 - i. Dynamic Risk Assessments
 - i. Health & Safety Audits
 - ii. Vehicle Checklists
 - iii. Planning Functions
 - iv. Training Matrices
 - v. Real-Time Operational Performance

13. Mobile Access & Wizards:

- Accessibility on mobile devices for field operatives ensures constant and immediate availability of the system.
- Lanes-i maximises the use of wizards within the app to guarantee consistent adherence to processes, promoting accurate data capture from the outset.

Lanes-i continues to foster a distinctive people culture that emphasises positivity, openness, and empowerment for both clients and employees. The commitment to people remains central to Lanes-i's ethos, with a renewed focus on several key aspects:

1. Positive and Empowering Environment:

- Creating and maintaining a positive, open, and empowering environment where safety, well-being, and ethical conduct for clients and employees are paramount.

2. Impactful Roles and Relationships:

- Ensuring that all team members understand the significance of their roles, not only in day-to-day operational performance but also in contributing to broader business-wide success.
- Building strong and effective working relationships at all levels, emphasising collaboration as a key driver of success.

3. Committed Leadership

- Providing strong and committed leadership that supports employees in achieving their career and development goals.
- Nurturing a leadership culture that fosters growth, mentorship, and support.

4. Responsive Feedback Mechanism:

- Establishing a responsive feedback mechanism that actively listens to employee input and takes prompt actions to address concerns or implement improvements.

5. Culture and Vision:

- Lanes-i's distinctive culture serves as the foundation for above-industry-average recruitment, development, and retention.
- Driven to surpass industry norms by engaging, nurturing, and developing its people, ensuring resilience, safety, health, and well-being within a high-performing culture.

6. Diverse Engagement Channels:

- Exploring diverse channels for engagement, including the Armed Forces Covenant, Ministry of Justice collaborations, engagement with former family members, and initiatives for Ex-Offenders.

7. Onboarding Excellence:

- All field operatives undergo induction at Lanes-i HQ, introducing them to the company's culture, behavioural expectations, and ethos.

8. Employee Wellbeing Initiatives:

- Engaging, nurturing, and developing employees to ensure resilience, safety, health, and well-being within a high-performing environment.
- Enhancements to terms and conditions, adherence to the London Living Wage, employee events, and community team-building sessions reinforce the familial bond within the organisation.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

Safety and Compliance Excellence (continued)

9. Creativity and Innovation:

- Fostering creativity and innovation to ensure a diverse portfolio of stimulating and exciting work streams, contributing to staff retention and satisfaction.

10. Comprehensive Training and Development:

- Providing a structured pathway to success, emphasising engineering excellence, wellness, management

Specialised Fleet:

Lanes-i continues to invest in state-of-the-art equipment, boasting a specialised fleet designed to ensure job success from the outset. The fleet includes:

- bespoke dual-screen civils vehicles.
- bespoke cabling/splicing vehicles.
- A total of c.350 vehicles deployed across the Lanes-i network.

Key Features of Bespoke Vehicles:

- Custom 'shadow boards' for quick tool location.
- Personal amenities such as on-board WC, sink, and welfare facilities.
- LCD screens on the side of Lanes-i vans for advertising on behalf of clients and public messages. This strategic investment not only reduces downtime but also fosters employee loyalty and enhances the company's reputation.

Systems and Quality Protocols:

Lanes-i's commitment to operational excellence is reinforced through refined systems and quality protocols:

- Inherited operational tools, templates, and procedures from Lanes Group, tailored to the utility and water business over 15-20 years.
- A complete repository of digitally archived documents accessible via a cloud-based platform integrated with Lanes-i's PMO tool, Monday.com.
- Quick responsiveness to client tenders, swift issue resolution, and a "right first time" approach to permit applications and form completion.
- The fundamental principles behind operational procedures are adaptable to new work/revenue streams, enabling rapid updates and amendments.
- This system is leveraged repeatedly for each new adjacent market Lanes-i targets, providing an unrivalled repository of templates and tools for a competitive edge.

Zero-Compromise Approach to Safety:

Lanes-i maintains a zero-compromise approach to Health, Safety, and Environment (HSE) for all staff:

- ISO 45001 accreditation underscores the commitment to workplace health and safety.
- Comprehensive health and safety education and training on compliant tools and equipment for all employees.
- Distribution of Zero Compromise pledge cards, fostering a culture of mutual accountability for safety and well-being on-site.
- Empowered field operatives are authorised to stop work if a situation is deemed unsafe, ensuring physical and mental well-being.
- Customer selection is based on their commitment to core safety values, resulting in an engaged workforce and recognition as a trusted build partner.

Supply Chain Partners and Stakeholder Engagement:

Lanes-i's commitment to quality extends to its network of supply chain partners:

- Utilisation of a consolidated network of strategic supply chain partners with shared values.
- Rigorous pre-qualification questionnaires, direct supervision, and audits by Lanes-i employees ensure strict compliance.
- Affording key supply chain partners opportunities for growth and reinvestment, enhancing overall delivery capability.
- Shared risk management through flexible workforce strategies during planned reduced activity has created an environment where partners approach Lanes-i for collaboration.

LANES-I LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Stakeholder Engagement and Environmental Commitment

Lanes-i recognises the importance of effective stakeholder engagement in alignment with the Companies Act 2006:

- Commitment to leaving streets cleaner than found, giving back to communities, employing, and upskilling local individuals, and engaging in local charities.
- Environment Social Governance journey, with a policy and plan available upon request.
- Pledges to achieve net carbon zero by 2035 and reduce plastic use by 50% by 2030.
- Spearheading community wood recycling partnering projects as part of the company's commitment to environmental sustainability.

On behalf of the board

David Roberts

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D L Roberts

Director

Date: 04/04/24

LANES-I LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2023

The directors present their annual report and financial statements for the year ended 31 July 2023.

Principal activities

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

Results and dividends

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

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

Directors

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

A J Brierley

W T Earnshaw

D L Roberts

S T Norris

B Draycott

(Appointed 19 October 2023)

(Appointed 1 August 2023)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Strategic report

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

On behalf of the board

David Roberts

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D L Roberts

Director

Date: 04/04/24

LANES-I LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

		2023 £	2022 £
Turnover	3	106,129,994	68,745,262
Cost of sales		(86,432,046)	(58,049,962)
Gross profit		19,697,948	10,695,300
Administrative expenses		(12,480,438)	(7,109,524)
Operating profit	6	7,217,510	3,585,776
Interest payable and similar expenses	7	(632,435)	(135,759)
Profit before taxation		6,585,075	3,450,017
Tax on profit	8	(1,335,651)	(844,329)
Profit for the financial year		5,249,424	2,605,688

LANES-I LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2023**

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,670,546		2,435,381
Current assets					
Stocks	10	2,210,966		1,212,669	
Debtors	11	35,535,194		18,439,254	
Cash at bank and in hand		176,488		273	
			37,922,648		19,652,196
Creditors: amounts falling due within one year	12	(21,634,777)		(19,281,424)	
Net current assets			16,287,871		370,772
Total assets less current liabilities			18,958,417		2,806,153
Creditors: amounts falling due after more than one year	13		(12,532,356)		(1,399,261)
Provisions for liabilities	16		7,787		(222,468)
Net assets			6,433,848		1,184,424
Capital and reserves					
Called up share capital	19		100		100
Profit and loss reserves	20		6,433,748		1,184,324
Total equity			6,433,848		1,184,424

For the financial year ended 31 July 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

The financial statements were approved by the board of directors and authorised for issue on 04/04/24 and are signed on its behalf by:

David Roberts

.....
D L Roberts
Director

LANES-I LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2021	100	(1,421,364)	(1,421,264)
Year ended 31 July 2022:			
Profit and total comprehensive income for the year	-	2,605,688	2,605,688
Balance at 31 July 2022	100	1,184,324	1,184,424
Year ended 31 July 2023:			
Profit and total comprehensive income for the year	-	5,249,424	5,249,424
Balance at 31 July 2023	100	6,433,748	6,433,848

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

1 Accounting policies

Company information

Lanes-I Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is C/O Elements Ring Rd, Lower Wortley, Leeds, West Yorkshire, United Kingdom, LS12 6AB.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") including the provisions of the large and medium sized companies and groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

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

Going concern

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

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

Using cash flow forecasts through to 31 March 2025, the directors are confident that necessary facilities are in place to allow the company to continue to trade for at least 12 months following approval of these financial statements.

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

Turnover

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

1 Accounting policies (Continued)

Contract services

Where the substance of a contract is that the contractual obligations are performed over the year end period, revenue is recognised as contract activity progresses to reflect the partial performance of our contractual obligations. The amount of revenue included reflects the accrual of the right to consideration as contract activity progresses by reference to value of the work performed. Where such work is in progress at the year end it is recognised as accrued income.

Costs to complete are estimated by reference to forecasts prepared by management. The calculation of the costs to complete will assess the costs incurred to date compared to the customer certified assessment of the work completed to date.

Tangible fixed assets

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

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

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Stocks

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

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

1 Accounting policies (Continued)

Cash and cash equivalents

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

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade debtors, other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, amounts due to group undertakings and bank overdrafts initially recognised at transaction price.

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

Derecognition of financial liabilities

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

1 Accounting policies (Continued)

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

Retirement benefits

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

Leases

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

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Revenue recognition

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

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

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

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

The company reviews contracts for civil engineering and maintenance services individually and accrues income based on the estimated revenue to which it is entitled. At the year-end, accrued income of £28,369,688 (2022: £17,028,406) has been recognised in respect of contracts with one customer, where the entitlement to revenue is not guaranteed until a formal certification process has taken place. That process often involves a time delay and as such until certification has taken place a degree of estimation uncertainty is considered to exist.

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

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Sale of services	106,129,994	68,745,262
	<u>106,129,994</u>	<u>68,745,262</u>
	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	106,129,994	68,745,262
	<u>106,129,994</u>	<u>68,745,262</u>

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

4 Employees

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

	2023	2022
	Number	Number
Administrative	100	64
Direct	163	61
Total	<u>263</u>	<u>125</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	9,473,005	4,726,112
Social security costs	912,746	470,165
Pension costs	148,256	73,898
	<u>10,534,007</u>	<u>5,270,175</u>

5 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	55,234	55,512
Company pension contributions to defined contribution schemes	1,321	2,050
	<u>56,555</u>	<u>57,562</u>

6 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	224,815	182,082
Depreciation of tangible fixed assets held under finance leases	572,604	407,598
	<u>797,419</u>	<u>589,680</u>

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	45,900	-
Interest on finance leases and hire purchase contracts	128,253	107,486
Other interest	458,282	28,273
	<u>632,435</u>	<u>135,759</u>

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

8 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	1,392,337	178,281
Adjustments in respect of prior periods	173,569	(131,203)
Total current tax	<u>1,565,906</u>	<u>47,078</u>
Deferred tax		
Origination and reversal of timing differences	(7,067)	628,041
Adjustment in respect of prior periods	(223,188)	169,210
Total deferred tax	<u>(230,255)</u>	<u>797,251</u>
Total tax charge	<u>1,335,651</u>	<u>844,329</u>

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

	2023 £	2022 £
Profit before taxation	<u>6,585,075</u>	<u>3,450,017</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.01% (2022: 19.00%)	1,383,524	655,503
Tax effect of expenses that are not deductible in determining taxable profit	5,559	6,665
Adjustments in respect of prior years	173,569	(131,203)
Permanent capital allowances in excess of depreciation	(2,684)	(6,576)
Deferred tax adjustments in respect of prior years	(223,188)	169,210
Closing deferred tax to average rate	(1,129)	150,730
Taxation charge for the year	<u>1,335,651</u>	<u>844,329</u>

Factors affecting future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 22% (2022 -19%). The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 31 July 2023.

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

9 Tangible fixed assets

	Leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 August 2022	1,458,482	798,970	966,130	3,223,582
Additions	-	447,634	584,950	1,032,584
At 31 July 2023	1,458,482	1,246,604	1,551,080	4,256,166
Depreciation and impairment				
At 1 August 2022	453,237	223,859	111,105	788,201
Depreciation charged in the year	312,212	224,568	260,639	797,419
At 31 July 2023	765,449	448,427	371,744	1,585,620
Carrying amount				
At 31 July 2023	693,033	798,177	1,179,336	2,670,546
At 31 July 2022	1,005,245	575,111	855,025	2,435,381

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

	2023 £	2022 £
Plant and equipment	877,682	1,054,323
Motor vehicles	1,138,180	855,025
	2,015,862	1,909,348

10 Stocks

	2023 £	2022 £
Raw materials and consumables	2,210,966	1,212,669

11 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	9,078,109	1,009,517
Amounts owed by group undertakings	-	4,968
Other debtors	37,840	396,363
Prepayments and accrued income	26,419,245	17,028,406
	35,535,194	18,439,254

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

11 Debtors (Continued)

Amounts owed by group undertakings are interest free and repayable on demand.

12 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	14	-	2,982,492
Obligations under finance leases	15	639,365	488,289
Trade creditors		5,206,810	6,012,095
Amounts owed to group undertakings		676,401	2,758,588
Corporation tax		1,605,256	45,032
Other taxation and social security		4,607,761	365,028
Other creditors		117,386	89,612
Accruals and deferred income		8,781,798	6,540,288
		<u>21,634,777</u>	<u>19,281,424</u>

Amounts owed to group undertakings are interest free and repayable on demand.

13 Creditors: amounts falling due after more than one year

		2023 £	2022 £
Obligations under finance leases	15	1,349,567	1,399,261
Amounts owed to group undertakings		11,182,789	-
		<u>12,532,356</u>	<u>1,399,261</u>

14 Borrowings

	2023 £	2022 £
Bank overdrafts	-	2,982,492
	<u>-</u>	<u>2,982,492</u>
Payable within one year	-	2,982,492
	<u>-</u>	<u>2,982,492</u>

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

15 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Less than one year	750,402	549,458
Between one and five years	1,464,952	1,558,178
	<u>2,215,354</u>	<u>2,107,636</u>
Less: future finance charges	(226,422)	(220,086)
	<u>1,988,932</u>	<u>1,887,550</u>

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

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

16 Provisions for liabilities

	Notes	2023	2022
		£	£
Deferred tax liabilities	17	-	222,468
		<u>-</u>	<u>222,468</u>

17 Deferred taxation

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

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	(4,007)	224,555
Short term timing differences	(3,780)	(2,087)
	<u>(7,787)</u>	<u>222,468</u>
		2023
		£
Liability at 1 August 2022		222,468
Credit to profit or loss		(230,255)
		<u>(7,787)</u>
Asset at 31 July 2023		<u>(7,787)</u>

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

LANES-I LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

18 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	148,256	73,898

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions payable to the scheme totalling £40,139 (2022: £23,016) are included in other creditors.

19 Share capital

	2023	2022	2023	2022
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of £1 each	100	100	100	100

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

20 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

21 Related party transactions

Lanes Group plc is the parent company of Lanes-I Limited. During the year the company made sales of £18,970,742 to Lanes Group plc (2022: £40,685,139) and made purchases of £147,795 (2022: £122,650). At the year end £11,859,190 was due to Lanes Group plc (2022: £2,758,588).

22 Ultimate controlling party

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

Lanes Group Plc is the immediate parent, and is the smallest and largest group for which consolidated accounts including Lanes-I Limited are prepared. The consolidated accounts of Lanes Group Plc are available from its registered office, C/O Elements Ring Rd, Lower Wortley, Leeds, West Yorkshire, United Kingdom, LS12 6AB.

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