

# Lewis Communications Limited

Annual Report and Financial Statements

For the year ended 31 July 2023



Company Registration No. 02370504 (England and Wales)

# Lewis Communications Limited

## Company Information

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<b>Directors</b>	E K Ford C N Lewis
<b>Secretary</b>	S L Aitchison
<b>Company number</b>	02370504
<b>Registered office</b>	22nd Floor Millbank Tower Millbank London SW1P 4RS
<b>Auditor</b>	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL

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# Lewis Communications Limited

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# Lewis Communications Limited

## Strategic Report

For the year ended 31 July 2023

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The directors present the strategic report for the year ended 31 July 2023.

### Performance and business review

Net Revenue, for the year is £9.4m (2022: £8.4m). This represents an increase of 11.3% 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 2023 although management expects revenue growth to slow in financial year 2024.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before highlighted items was £2m (2022: £0.8m). The EBITDA margin before highlighted items is 21.5% (2022: 10.1%). The increase in EBITDA before highlighted items is mainly driven by the improved net revenue. In addition, bank interest received, due to increased rates on higher cash balances, and a drive on cost savings, including property costs, advertising, staff recruitment and lower donations to charity, helped improve the margin.

Highlighted expenditure includes £0.9m in respect of events. A major event was held in London during the year. This event brought together colleagues, clients and charities from around the world. Following four years of strong growth and profitability, the company wanted to thank its staff and clients. The company also wanted to recognise the crucial work the charities supported by the TEAM LEWIS Foundation undertakes in their communities.

TEAM LEWIS Foundation, the charitable arm of the group, continues to develop its charitable 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, the Group donated £555,000 during the year to 431 charities. In addition to the cash donations, pro bono marketing support was provided to many of these individual charities.

### Key performance indicators

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

	2023	2022
	£'000	£'000
Net revenue	9,395	8,442
EBITDA <sup>(1)</sup>	2,023	847
EBITDA margin (EBITDA divided by gross profit) <sup>(2)</sup>	21.5%	10.1%
Charitable giving (included in EBITDA above)	139	287

(1) Before highlighted items (see page 9 & Note 4 page 16)

### 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 2029. 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. As such the directors of the company continue to adopt the going concern basis of accounting in preparing these financial statements.

# Lewis Communications Limited

## Strategic Report (Continued)

For the year ended 31 July 2023

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### **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, country 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.

On behalf of the board



C N Lewis

**Director**

Date: 13.3.24

# Lewis Communications Limited

## Directors' Report

For the year ended 31 July 2023

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

### Principal activities

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

### Results and dividends

The statement of income and retained earnings for the year are set out on page 9 and shows the profit for the year.

During the year dividends of £nil (2022: £nil) were declared. No final dividend (2022: £nil) was recommended.

### Directors

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

E K Ford  
C N Lewis

### Charitable contributions

During the year the company made charitable contributions of £139,000 (2022: £287,000).

### Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

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

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

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

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

Lewis Communications Limited

Directors' Report (Continued)


For the year ended 31 July 2023

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**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
C N Lewis  
Director

Date: 13-3-24

# Lewis Communications Limited

## Independent Auditor's Report

To the Member of Lewis Communications Limited

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### Opinion

We have audited the financial statements of Lewis Communications Limited (the 'company') for the year ended 31 July 2023 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Lewis Communications Limited

## Independent Auditor's Report (Continued)

To the Member of Lewis Communications Limited

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 Directors' Responsibilities Statement set out on page 3, 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.

# Lewis Communications Limited

## Independent Auditor's Report (Continued)

### To the Member of Lewis Communications Limited

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#### **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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

# Lewis Communications Limited

## Independent Auditor's Report (Continued)

To the Member of Lewis Communications Limited

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Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

**Esther Carder**  
**Senior Statutory Auditor**  
for and on behalf of Moore Kingston Smith LLP

Date: 22 March 2024

**Chartered Accountants**  
**Statutory Auditor**

Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

# Lewis Communications Limited

## Statement of Income and Retained Earnings

For the year ended 31 July 2023

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	Notes	2023 £'000	2022 £'000
<b>Turnover</b>	<b>3</b>	10,620	9,769
Cost of sales		(1,225)	(1,327)
<b>Net Revenue</b>		<u>9,395</u>	<u>8,442</u>
Operating expenses		(7,372)	(7,595)
<b>Operating profit before highlighted items</b>		<u>2,023</u>	<u>847</u>
Highlighted (expenditure)/income	<b>4</b>	(968)	409
<b>Operating profit</b>	<b>4</b>	<u>1,055</u>	<u>1,256</u>
Interest receivable and similar income	<b>7</b>	35	46
Interest payable and similar expenses	<b>8</b>	(360)	(150)
<b>Profit before taxation</b>		<u>730</u>	<u>1,152</u>
Tax on profit	<b>9</b>	(87)	(176)
<b>Profit for the financial year</b>		<u>643</u>	<u>976</u>
Retained earnings brought forward		<u>3,799</u>	<u>2,823</u>
Retained earnings carried forward		<u><u>4,442</u></u>	<u><u>3,799</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.


# Lewis Communications Limited

## Balance Sheet

As at 31 July 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10		81		140
Tangible assets	11		225		189
Investments	12		72		146
			<u>378</u>		<u>475</u>
<b>Current assets</b>					
Debtors	14	2,408		2,081	
Cash at bank and in hand		17,879		14,737	
		<u>20,287</u>		<u>16,818</u>	
<b>Creditors: amounts falling due within one year</b>	15	(16,169)		(13,489)	
<b>Net current assets</b>			<u>4,118</u>		<u>3,329</u>
<b>Total assets less current liabilities</b>			<u>4,496</u>		<u>3,804</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	16	(49)	(49)	-	-
<b>Net assets</b>			<u>4,447</u>		<u>3,804</u>
<b>Capital and reserves</b>					
Called up share capital	18		5		5
Profit and loss reserves			4,442		3,799
<b>Total equity</b>			<u>4,447</u>		<u>3,804</u>

The financial statements were approved by the board of directors and authorised for issue on 13 March 2024 and are signed on its behalf by:



C N Lewis  
Director

Company Registration No. 02370504

# Lewis Communications Limited

## Notes to the Financial Statements

For the year ended 31 July 2023

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### 1 Accounting policies

#### Company information

Lewis Communications Limited is a private company limited by shares incorporated in England and Wales. The registered office is 22nd Floor Millbank Tower, Millbank, London, SW1P 4RS.

#### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Lewis Communications (Holdings) Limited. These consolidated financial statements are available online from Companies House.

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

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### 1 Accounting policies

(Continued)

#### 1.2 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 2029. 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. As such the directors of the company continue to adopt the going concern basis of accounting in preparing these financial statements.

#### 1.3 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.

#### 1.4 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

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

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

Short leasehold property	over the life of the lease
Furniture and equipment	over three to five years 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.

#### 1.6 Fixed asset 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.

#### 1.7 Impairment of fixed assets

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

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

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

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

#### 1.8 Cash and cash equivalents

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

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Basic financial liabilities**

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 are initially measured at transaction price (excluding transaction costs) and subsequently held at amortised cost.

#### 1.10 Equity instruments

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.

#### 1.11 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.

##### **Current tax**

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

##### **Deferred tax**

Deferred tax 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.

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

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### 1 Accounting policies

(Continued)

#### 1.12 Retirement benefits

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.

#### 1.13 Leases

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.

#### 1.14 Foreign exchange

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 recognised through the profit and loss account.

#### 1.15 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.

#### 1.16 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 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.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### *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.

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

### 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

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	35	52
Fees payable to the company's auditor for other services	6	19
Profit on disposal of tangible fixed assets	-	(1)
Operating lease charges	167	212
	<u>167</u>	<u>212</u>

Highlighted (income) / expenditure is as follows:

Exchange gains	(113)	(538)
Depreciation of owned tangible fixed assets	115	104
Amortisation of intangible assets	52	25
Global events	914	-
	<u>968</u>	<u>(409)</u>

Global events took place in San Diego and in London which brought together colleagues, clients, charities and suppliers from around the world.

### 5 Employees

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

	2023 Number	2022 Number
Client Servicing and Senior Leadership	93	85
Commercial and Operations	24	22
Total	<u>117</u>	<u>107</u>

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	8,123	6,608
Social security costs	951	782
Pension costs	346	166
Staff costs recharged to other group companies	(2,839)	(2,346)
	<u>6,596</u>	<u>5,210</u>

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

### 5 Employees

(Continued)

The total remuneration of key management personnel excluding directors was £618,000 (2022: £505,000). The comparative figures were reclassified to conform with current year presentation.

### 6 Directors' remuneration

	2023 £'000	2022 £'000
Directors' remuneration and fees	230	142

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

	2023 £'000	2022 £'000
Director's remuneration	205	118

### 7 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest on bank deposits	34	46
Income from shares in group undertakings	1	-
Total income	35	46

### 8 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable to group undertakings	360	150

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

### 9 Taxation

	2023 £'000	2022 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	40	200
Adjustments in respect of prior periods	(2)	(24)
Total current tax	<u>38</u>	<u>176</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>49</u>	<u>-</u>
Total tax charge	<u>87</u>	<u>176</u>

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

	2023 £'000	2022 £'000
Profit before taxation	<u>730</u>	<u>1,152</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 21.01% (2022: 19.00%)</i>	153	219
Tax effect of expenses that are not deductible in determining taxable profit	24	38
Movement in deferred tax not recognised	61	(57)
Adjustments in respect of prior years	(2)	(24)
Remeasurement of deferred tax for changes in tax rates	(2)	-
Group relief	(143)	-
Permanent capital allowances in excess of depreciation	(4)	-
Taxation charge for the year	<u>87</u>	<u>176</u>

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

### 10 Intangible fixed assets

	<b>Software £'000</b>
<b>Cost</b>	
At 1 August 2022	165
Additions	5
Disposals	(12)
At 31 July 2023	<u>158</u>
<b>Amortisation and impairment</b>	
At 1 August 2022	25
Amortisation charged for the year	52
At 31 July 2023	<u>77</u>
<b>Carrying amount</b>	
At 31 July 2023	<u>81</u>
At 31 July 2022	<u>140</u>

### 11 Tangible fixed assets

	<b>Short leasehold property £'000</b>	<b>Furniture and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 August 2022	551	328	879
Additions	43	108	151
At 31 July 2023	<u>594</u>	<u>436</u>	<u>1,030</u>
<b>Depreciation and impairment</b>			
At 1 August 2022	551	139	690
Depreciation charged in the year	4	111	115
At 31 July 2023	<u>555</u>	<u>250</u>	<u>805</u>
<b>Carrying amount</b>			
At 31 July 2023	<u>39</u>	<u>186</u>	<u>225</u>
At 31 July 2022	<u>-</u>	<u>189</u>	<u>189</u>

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

### 12 Fixed asset investments

	Notes	2023 £'000	2022 £'000
Investments in subsidiaries	13	17	17
Other investments		55	129
		<u>72</u>	<u>146</u>

#### Movements in fixed asset investments

	Shares in subsidiaries £'000	Other investments £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2022	17	129	146
Return on investment	-	(74)	(74)
At 31 July 2023	<u>17</u>	<u>55</u>	<u>72</u>
<b>Carrying amount</b>			
At 31 July 2023	<u>17</u>	<u>55</u>	<u>72</u>
At 31 July 2022	<u>17</u>	<u>129</u>	<u>146</u>

### 13 Subsidiaries

Details of the company's subsidiaries at 31 July 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Lewis Communications GmbH	Germany	Ordinary Shares	100.00

The registered address of the subsidiary is 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 to the Financial Statements (Continued)

For the year ended 31 July 2023

### 14 Debtors

	2023	2022
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,258	1,610
Corporation tax recoverable	178	-
Other debtors	397	94
Prepayments and accrued income	575	377
	<u>2,408</u>	<u>2,081</u>

### 15 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	548	432
Amounts owed to group undertakings	12,105	9,063
Corporation tax	-	24
Other taxation and social security	528	403
Other creditors	342	1,260
Accruals and deferred income	2,646	2,307
	<u>16,169</u>	<u>13,489</u>

### 16 Deferred taxation

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

	Liabilities 2023 £'000	Liabilities 2022 £'000
Fixed asset timing differences	(53)	-
Short term timing differences	4	-
	<u>(49)</u>	<u>-</u>
<b>Movements in the year:</b>		<b>2023 £'000</b>
Liability at 1 August 2022		-
Charge to profit or loss		(49)
Liability at 31 July 2023		<u>(49)</u>

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

### 16 Deferred taxation (Continued)

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.

### 17 Retirement benefit schemes

	2023 £'000	2022 £'000
Charge to profit or loss in respect of defined contribution schemes	<u>346</u>	<u>166</u>

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

### 18 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100</u>	<u>100</u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5</u>	<u>5</u>

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

### 19 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £'000	2022 £'000
Within one year	219	219
Between two and five years	36	254
	<u>255</u>	<u>473</u>

# Lewis Communications Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

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### **20 Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1A of FRS102 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 (2022: £24,000) and donated £17,000 (2022: £15,000) to Team Lewis Foundation, a charity of which 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.

At the year end, amounts owing to the company from C N Lewis were £335,000 (2022: owing from the company £981,000).

### **21 Ultimate controlling party**

At 31 July 2023, 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.