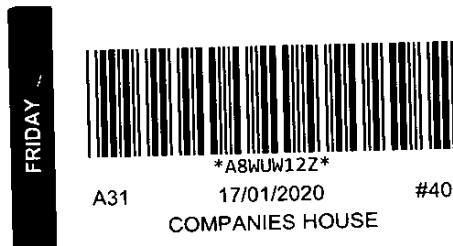


Leo Group Holdings Limited

Registered number: 10792118

Directors' report and consolidated financial statements

For the year ended 30 April 2019



PARENT UNDERTAKING OF

HALIFAX STREET METAL &
VENTILATION LIMITED
(G. No. 02767161)

TAKING EXEMPTION FROM AUDIT
(SEE PAGE 38.)

LEO GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D Sawrij D Marr
Registered number	10792118
Registered office	Swalesmoor Farm Swalesmoor Road Halifax West Yorkshire HX3 6UF
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Lloyds Bank PLC 45 Hustlergate Bradford BD1 1NT

LEO GROUP HOLDINGS LIMITED

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LEO GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2019

Introduction

The directors present their strategic report for the group for the year ended 30 April 2019.

Business review

The performance achieved during the period is set out in the Consolidated income statement on page 8.

Turnover increased year on year by 42% to £235m. The group made a pre tax profit of £26m (2018 - £20m). The turnover growth is driven by the full year inclusion of Bell Truck Sales Limited, the groups Mercedes Benz commercial vehicle business, and the increased revenues derived from forward electricity export contracts.

The group has maintained its success in the industry with another very strong performance during the financial year. The group has been able to adapt to maintain its performance and also continues to realise the benefit of its significant business investments over the years. The diversification into other business areas has proved beneficial to maintain profitability in this current financial year and for the future. This has been proven by the group being able to secure long term profitable electricity export contracts, in its Belgium operation, for 3 years commencing in October 2018. The benefit of these contracts has been reflected for a 6 month period in these consolidated accounts.

In line with its strategy, the group has spread its footprint around the world in the rendering industry and into new markets and has added other facilities and processes outside the UK to its portfolio. There has also been further significant investment into renewable / biomass energy operations both at home and outside of the UK. The group has also converted Joint Ventures Investments to 100% ownership, as part of its growth and investment strategy.

The group's improved balance sheet is a reflection of the very strong foundation built over the years. This allows the group to acquire and expand in the future and further enhance its presence in worldwide markets. This also allows the group to withstand market challenges and short term pressures, therefore being able to adopt a long term strategic position.

There has been continued significant investment in the group's operations in the UK and South Africa, through the installation of additional processing capacity, and cost saving technologies in order to considerably reduce its processing costs.

The group will continue to focus on cost management and efficiencies to ensure it remains competitive in the market and offer a quality and sustainable future to its customers and suppliers. The group is focussed on its strategy of long-term partnerships which can benefit both parties, which has led to some new long term contracts with suppliers.

We continue to make charitable donations to local and national causes and we are supporters of various charities, allowing us to give financial assistance to organisations and people who need it.

The group continues and has further enhanced its International standards and accreditations.

LEO GROUP HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2019**

Principal risks and uncertainties

The group is subject to a number of risks and uncertainties, including an ever changing economic environment, a strong competitive environment, an increasing legislative agenda, employee retention and most significantly the outcome of Brexit.

The directors are aware of these risks and strategic decisions are made to manage them appropriately. These include regular monitoring of costs and the credit exposure of customers. The decision making process and the assessment of business performance is supported by the experience of the management team, weekly sales and profitability data and monthly management accounts, split by business segment.

The business also has an exposure to the risk of currency fluctuations. This risk is managed by the regular monitoring of fluctuations in key currencies. The group continues to follow Brexit discussions, so it can adapt where necessary. The group has also forward managed the potential currency exposure with some long term financial instruments in place.

This report was approved by the board on 11 November 2019 and signed on its behalf.

D Sawrij
Director



LEO GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019

The directors present their report and the financial statements for the year ended 30 April 2019.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £24,247 thousand (2018 - £15,170 thousand).

Dividends of £78 thousand (2018 - £1,000 thousand) have been paid in the year. The directors have not recommended the payment of a final dividend.

Directors

The directors who served during the year were:

D Sawrij
D Marr

Employee involvement

The group is committed to involving all employees in its performance and development. Its approach to employee development offers continual challenges in the job, learning opportunities and personal development. The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

LEO GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2019**

Disclosure of information to auditor

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

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

Post balance sheet events

On 3 May 2019, the group has completed the acquisition of the remaining shareholding of its associate business R Goddard and Son Limited.

The company has paid dividends to shareholders of £36 thousand since the balance sheet date.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 November 2019 and signed on its behalf.


D Sawrij
Director



LEO GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEO GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Leo Group Holdings Limited (the 'Parent Company') for the year ended 30 April 2019 which comprise Consolidated Income Statement, the Consolidated and Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and the Parent Company's affairs as at 30 April 2019 and of the Group's 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

LEO GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEO GROUP HOLDINGS LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group 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 light of the knowledge and understanding of the Group and 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.

LEO GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEO GROUP HOLDINGS LIMITED

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 Group and Parent 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 intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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



David Smithson (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 11 November 2019

LEO GROUP HOLDINGS LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2019**

	Note	2019 £000	2018 £000
Turnover		235,331	165,872
Cost of sales		(186,682)	(129,434)
Gross profit		48,649	36,438
Administrative expenses		(27,526)	(16,827)
Other operating income		96	91
Fair value movements		595	-
Operating profit	5	21,814	19,702
Share of (loss)/profit from joint ventures		(228)	717
Income from other fixed asset investments	9	54	80
Profit on disposal of fixed asset investments	16	5,058	-
Interest receivable and similar income	10	1,034	660
Interest payable and similar expenses	11	(1,986)	(1,091)
Profit before tax		25,746	20,068
Tax on profit	12	(3,037)	(5,995)
Profit for the financial year		22,709	14,073
Profit for the year attributable to:			
Non-controlling interests		(1,537)	(1,097)
Owners of the parent		24,246	15,170
		22,709	14,073

The notes on pages 18 to 49 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2019**

	Note	2019 £000	2018 £000
Profit for the financial year		22,709	14,073
Other comprehensive income			
Currency translation differences		(365)	452
Other comprehensive income for the year		(365)	452
Total comprehensive income for the year		<u>22,344</u>	<u>14,525</u>
Profit for the year attributable to:			
Non-controlling interest		(1,537)	(1,097)
Owners of the parent Company		24,246	15,170
		<u>22,709</u>	<u>14,073</u>
Total comprehensive income attributable to:			
Non-controlling interest		(1,612)	(950)
Owners of the parent Company		23,956	15,475
		<u>22,344</u>	<u>14,525</u>

The notes on pages 18 to 49 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 10792118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible Assets	14	5,534	4,107
Tangible assets	15	105,011	77,040
Investments	16	2,733	9,784
Investment property	17	69,465	23,411
		<u>182,743</u>	<u>114,342</u>
Current assets			
Stocks	18	61,535	32,256
Debtors	19	52,773	56,930
Cash at bank and in hand	20	22,872	9,264
		<u>137,180</u>	<u>98,450</u>
Creditors: amounts falling due within one year	21	(112,758)	(71,725)
Net current assets		<u>24,422</u>	<u>26,725</u>
Total assets less current liabilities		<u>207,165</u>	<u>141,067</u>
Creditors: amounts falling due after more than one year	22	(48,546)	(17,408)
Provisions for liabilities			
Deferred taxation	26	(3,305)	(2,450)
Accruals and deferred income	27	(40)	(46)
Net assets		<u>155,274</u>	<u>121,163</u>
Capital and reserves			
Called up share capital	28	1	1
Foreign exchange reserve	29	140	430
Other reserves	29	11,845	-
Profit and loss account	29	142,578	118,410
Equity attributable to owners of the parent Company		<u>154,564</u>	<u>118,841</u>
Non-controlling interests		710	2,322
		<u>155,274</u>	<u>121,163</u>

LEO GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 10792118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

11 November 2019



D Sawrij
Director

The notes on pages 18 to 48 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 10792118

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	16	11,846	1
Net assets		<u>11,846</u>	<u>1</u>
Capital and reserves			
Called up share capital	28	1	1
Other reserves	29	11,845	-
		<u>11,846</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

11 November 2019


D Sawri
Director

The notes on pages 18 to 48 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 May 2018	1	430	-	118,410	118,841	2,322	121,163
Comprehensive income for the year							
Profit for the year	-	-	-	24,246	24,246	(1,537)	22,709
Currency translation differences	-	(365)	-	-	(365)	(75)	(440)
Less amount attributable to non-controlling interests	-	75	-	-	75	-	75
Other comprehensive income for the year	-	(290)	-	-	(290)	(75)	(365)
Total comprehensive income for the year	-	(290)	-	24,246	23,956	(1,612)	22,344
Dividends: Equity capital	-	-	-	(78)	(78)	-	(78)
On issue of new shares	-	-	11,845	-	11,845	-	11,845
Total transactions with owners	-	-	11,845	(78)	11,767	-	11,767
At 30 April 2019	1	140	11,845	142,578	154,564	710	155,274

The notes on pages 18 to 49 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018**

	Called up share capital £000	Foreign exchange reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 May 2017	-	125	104,240	104,365	3,178	107,543
Comprehensive income for the period						
Profit for the period	-	-	15,170	15,170	(1,099)	14,071
Currency translation differences	-	452	-	452	147	599
Less amounts attributable to non- controlling interests	-	(147)	-	(147)	-	(147)
Other comprehensive income for the period	-	305	-	305	147	452
Total comprehensive income for the period	-	305	15,170	15,475	(952)	14,523
Dividends: Equity capital	-	-	(1,000)	(1,000)	-	(1,000)
Shares issued during the period	1	-	-	1	-	1
Acquisitions in the year	-	-	-	-	96	96
At 30 April 2018	1	430	118,410	118,841	2,322	121,163

The notes on pages 18 to 49 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period				
Profit for the period	-	-	964	964
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(964)	(964)
Shares issued during the period	1	-	-	1
At 1 May 2018	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Comprehensive income for the period				
Profit for the year	-	-	78	78
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>78</u>	<u>78</u>
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(78)	(78)
On issue of new shares	-	11,845	-	11,845
Total transactions with owners	<u>-</u>	<u>11,845</u>	<u>(78)</u>	<u>11,767</u>
At 30 April 2019	<u>1</u>	<u>11,845</u>	<u>-</u>	<u>11,846</u>

The notes on pages 18 to 49 form part of these financial statements.

LEO GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2019**

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	22,709	14,073
Adjustments for:		
Amortisation of intangible assets	(855)	(1,609)
Depreciation of tangible assets	8,707	7,494
Loss on disposal of tangible assets	(260)	(2)
Government grants	(8)	(10)
Interest paid	1,986	1,070
Interest received and other investment income	(6,146)	(1,456)
Taxation charge	3,037	5,995
(Increase) in stocks	(2,945)	(1,705)
Decrease/(increase) in debtors	7,385	(9,708)
Increase in creditors	5,465	593
Corporation tax (paid)	(6,676)	(4,876)
Net cash generated from operating activities	32,399	9,859
Cash flows from investing activities		
Purchase of tangible fixed assets	(19,457)	(6,968)
Sale of tangible fixed assets	2,644	203
Sale of investment properties	125	-
Purchase of investment properties	(37,317)	(6,104)
Purchase of fixed asset investments	(110)	72
Cash and cash equivalents gained on acquisition of subsidiary	(2,771)	1,111
Sale of fixed asset investments	12,895	-
Foreign exchange movement on fixed assets	(764)	(1,151)
Interest received	1,033	660
HP interest paid	(73)	(20)
Income from investments	54	797
Net cash from investing activities	(43,741)	(11,400)

LEO GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2019

	2019 £000	2018 £000
Cash flows from financing activities		
Issue of ordinary shares	-	1
New secured loans	54,400	6,300
Repayment of secured loans	(26,122)	(3,556)
Repayment of other loans	(611)	(375)
Repayment of/new finance leases	1,153	(1,252)
Dividends paid	(78)	(1,000)
Interest paid	(1,913)	(1,050)
Net cash used in financing activities	26,829	(932)
Net increase/(decrease) in cash and cash equivalents	15,487	(2,473)
Cash and cash equivalents at beginning of year	7,385	9,858
Cash and cash equivalents at the end of year	22,872	7,385
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	22,872	9,264
Bank overdrafts	-	(1,879)
	22,872	7,385

The notes on pages 18 to 49 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

1. General information

The legal form of the company is that of a private company limited by shares.

The company is incorporated in England and Wales. The registered office is included on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 30 April 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair value of derivatives are recognised in the Consolidated Income Statement. The group does not apply hedge accounting for foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 26 May 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the consolidated income statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated income statement in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the consolidated income statement using the effective interest method.

2.9 Finance costs

Finance costs are charged to the consolidated income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the consolidated income statement in the year in which they are incurred.

2.11 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

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 in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated income statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

LEO GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. Accounting policies (continued)

2.14 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Long term leasehold property	- 10% - 20% straight line
Plant & machinery	- 10% - 50% reducing balance and straight line
Motor vehicles	- 15% - 33% reducing balance and straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.15 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated income statement.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)

2.17 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated income statement includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

The cost of vehicles supplied to the group's commercial vehicle dealership business on extended terms are included in stock and trade creditors on the basis that the risk and rewards of ownership pass to the group on delivery and such vehicles are not routinely returnable to the supplier under normal circumstances.

2.19 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

LEO GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. Accounting policies (continued)

2.21 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the consolidated income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)

2.23 Financial instruments (continued)

contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

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

2.24 Dividends

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The critical judgements that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimating value in use

Where an indication of impairment exists, the directors have carried out an impairment review to determine the recoverable amount of the asset, which is the higher of fair value less cost to sell and value in use. The value in use calculation has required the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and determine a suitable discount rate in order to calculate present value.

(ii) Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iii) Determining residual values and useful economic lives of tangible and intangible assets

The Group depreciates tangible assets, and amortises intangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The estimation of useful lives of intangible assets is based on any contractual or legal rights associated with the asset, or the period in which the Group expects to use the asset if shorter. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£000	£000
Animal by-products and proteins	90,502	85,401
Electricity generation	33,995	25,646
Property	2,540	491
Commercial vehicles	108,294	54,334
	<u>235,331</u>	<u>165,872</u>

Analysis of turnover by country of destination:

	2019	2018
	£000	£000
United Kingdom	158,346	88,668
Europe	52,878	47,590
Rest of the World	24,107	29,614
	<u>235,331</u>	<u>165,872</u>

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£000	£000
Exchange differences	<u>(1,437)</u>	<u>(998)</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

6. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditor and its associates for the audit of the Group and subsidiary annual financial statements	<u>92</u>	<u>40</u>
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	30	22
All other services	74	35
	<u>104</u>	<u>57</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £000	Group 2018 £000
Wages and salaries	23,414	21,605
Social security costs	2,337	2,052
Cost of defined contribution scheme	508	295
	<u>26,259</u>	<u>23,952</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Production	551	538
Administration	129	95
Management	43	42
	<u>723</u>	<u>675</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

8. Directors' and Key Management personnel remuneration

	2019 £000	2018 £000
Directors' emoluments	169	162
Company contributions to defined contribution pension schemes	53	41
	<u>222</u>	<u>203</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

Key management personnel compensation amounted to £193,000 (2018 - £139,000) in relation to members of the senior management team who are not statutory directors.

9. Income from investments

	2019 £000	2018 £000
Income from fixed asset investments	<u>54</u>	<u>80</u>

10. Interest receivable

	2019 £000	2018 £000
Other interest receivable	<u>1,034</u>	<u>660</u>

11. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	1,124	928
Other loan interest payable	789	-
Share of associates	-	21
Finance leases and hire purchase contracts	73	20
Other interest payable	-	122
	<u>1,986</u>	<u>1,091</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	2,678	3,638
Adjustments in respect of previous periods	176	2,228
	<u>2,854</u>	<u>5,866</u>
Total current tax	<u>2,854</u>	<u>5,866</u>
Deferred tax		
Origination and reversal of timing differences	183	129
Total deferred tax	<u>183</u>	<u>129</u>
Taxation on profit on ordinary activities	<u>3,037</u>	<u>5,995</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>25,745</u>	<u>20,068</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	4,892	3,813
Effects of:		
Adjustments to tax charge in respect of prior periods	176	2,228
Non-taxable profit on disposal of fixed asset investments	(961)	-
Other differences leading to an decrease in the tax charge	(1,070)	(46)
Total tax charge for the year/period	<u>3,037</u>	<u>5,995</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

13. Dividends

	2019 £000	2018 £000
Dividends on ordinary shares	78	1,000

14. Intangible assets**Group and Company**

	Development costs £000	Goodwill £000	Negative goodwill £000	Total £000
Cost				
At 1 May 2018	1,168	8,316	(11,972)	(2,488)
Foreign exchange movement	(40)	(113)	347	194
At 30 April 2019	1,128	8,203	(11,625)	(2,294)
Amortisation				
At 1 May 2018	690	908	(8,192)	(6,594)
Charge for the year	147	761	(1,763)	(855)
Foreign exchange movement	(24)	-	(354)	(378)
At 30 April 2019	813	1,669	(10,309)	(7,827)
Net book value				
At 30 April 2019	315	6,534	(1,316)	5,533
At 30 April 2018	479	7,408	(3,780)	4,107

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

15. Tangible fixed assets

Group

	Freehold property £000	Long term leasehold property £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 May 2018	37,512	160	82,098	11,091	130,861
Additions	950	-	13,514	4,771	19,235
Acquisition of subsidiary	222	-	1,510	3,486	5,218
Disposals	-	-	(600)	(3,368)	(3,968)
Transfers between classes	15,847	-	(153)	45	15,739
Exchange adjustments	(391)	(2)	(1,342)	(21)	(1,756)
At 30 April 2019	54,140	158	95,027	16,004	165,329
Depreciation					
At 1 May 2018	2,752	25	45,083	5,961	53,821
Charge for the year on owned assets	839	7	5,657	1,876	8,379
Charge for the year on financed assets	-	-	-	328	328
Disposals	-	-	(523)	(1,061)	(1,584)
Transfers between classes	-	-	(43)	43	-
Exchange adjustments	(51)	-	(574)	(1)	(626)
At 30 April 2019	3,540	32	49,600	7,146	60,318
Net book value					
At 30 April 2019	50,600	126	45,427	8,858	105,011
At 30 April 2018	34,760	135	37,016	5,130	77,041

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

15. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019	2018
	£000	£000
Plant and machinery	2,095	620
Motor vehicles	2,643	2,062
	<u>4,738</u>	<u>2,682</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

16. Fixed asset investments

Group

	Unlisted investments £000	Other fixed asset investments £000	Investment in associates and joint ventures £000	Total £000
Cost or valuation				
At 1 May 2018	10	2,743	9,517	12,270
Additions	-	482	-	482
Disposals	-	-	(5,905)	(5,905)
Transfers intra group	-	-	(1,932)	(1,932)
On acquisition of subsidiaries	-	532	-	532
Share of profit/(loss)	-	-	(228)	(228)
At 30 April 2019	10	3,757	1,452	5,219
Impairment				
At 1 May 2018	-	2,486	-	2,486
At 30 April 2019	-	2,486	-	2,486
Net book value				
At 30 April 2019	10	1,271	1,452	2,733
At 30 April 2018	10	257	9,517	9,784

During the year the Group disposed of its 50% shareholding in Joint Venture Associated Waste Management Limited realising a profit on disposal of £5,058 thousand.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

16. Fixed asset investments (continued)**Company**

	Investments in subsidiary companies £000
Cost or valuation	
Additions	11,846
At 30 April 2019	<u>11,846</u>
Net book value	
At 30 April 2019	<u>11,846</u>
At 30 April 2018	<u>-</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Leo Group Limited	Holding company	Ordinary	100%
Omega Proteins Limited	Production of animal proteins, tallows, oils, and petfood ingredients	Ordinary	100%
Alba Proteins Penrith Limited	Production of animal proteins, tallows, oils, and petfood ingredients	Ordinary	100%
The Haulage (Holdings) Organisation Limited	Transport services	Ordinary	100%
Leo Aviation Limited	Aviation services	Ordinary	100%
Robinson Mitchell Limited	Collection and disposal of animal by-products	Ordinary	100%
Food2Energy Limited	Collection and disposal of food waste	Ordinary	100%
Halifax Sheet Metal & Ventilation Limited	Fabrication and maintenance services	Ordinary	100%
Envirowaste Services Limited	Waste management services	Ordinary	100%
Polygon Public House Limited	Public House trade	Ordinary	100%
Premier Petfoods Limited	Collection and disposal of animal by-products	Ordinary	100%
Thornton Meat Company Limited	Property management and rental	Ordinary	100%
Powar Developments Limited	Property management and rental	Ordinary	100%
Mountain Air Services Limited	Property management and rental	Ordinary	100%
DS Developing Limited	Property management and rental	Ordinary	100%
Sheraton Investments Srl	Property investment company	Ordinary	100%
Harrogate Holdings Srl	Property investment company	Ordinary	100%
Roundhay Investments Srl	Property investment company	Ordinary	100%
Biopower Holdings SA	Electricity generation	Ordinary	100%
BJK Industries (Pty) Limited	Production and trading of animal proteins, tallows, oils, and petfood ingredients	Ordinary	100%
Douglasbrae Limited	Processing and preserving meat	Ordinary	51%
Bells Trucks Holdings Limited	Holding Company	Ordinary	100%
Bell Truck Sales Limited	Commercial vehicle dealership	Ordinary	100%
BLS Commercials Limited	Commercial vehicle dealership	Ordinary	100%
Alba Proteins Limited	Dormant company	Ordinary	100%
Scot Proteins Limited	Dormant company	Ordinary	100%
Enviromix Limited	Dormant company	Ordinary	75%
Big Green Timber Co Ltd	Dormant company	Ordinary	100%
Indigo Corporation Limited	Dormant company	Ordinary	100%
Kanika Limited	Dormant company	Ordinary	100%
Leo Sawrij Limited	Property investment company	Ordinary	100%
Housebyres Farming Limited	Property investment company	Ordinary	100%
Shibden Estate Company Limited	Property investment company	Ordinary	100%
Swales Leemar Limited	Property investment company	Ordinary	100%

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

16. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The following subsidiary undertakings were exempt from audit for the year ended 30 April 2019 by virtue of section 479A of the Companies Act 2006:

Alba Proteins Penrith Limited
Envirowaste Services Limited
Food2Energy Limited
Halifax Sheet Metal & Ventilation Limited
Robinson Mitchell Limited
DS Developing Limited
Mountain Air Services Limited
Powar Developments Limited
Thornton Meat Company Limited
Leo Aviation Limited
Indigo Corporation Limited
Polygon Public House Limited
Leo Sawrij Limited
Housebyres Farming Limited
Swales Leemar Limited
Shibden Estate Company Limited
Douglasbrae Limited

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

16. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 30 April 2019 and the profit or loss for the year ended on that date for the direct and indirect subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Leo Group Limited	108,265	12,196
Omega Proteins Limited	2,929	6,885
Alba Proteins Penrith Limited	3,707	1,474
The Haulage (Holdings) Organisation Limited	(962)	(51)
Leo Aviation Limited	(70)	(87)
Robinson Mitchell Limited	2,391	340
Food2Energy Limited	369	(1)
Halifax Sheet Metal & Ventilation Limited	1,311	157
Envirowaste Services Limited	456	(20)
Polygon Public House Limited	141	141
Premier Petfoods Limited	787	(22)
Thornton Meat Company Limited	9,898	995
Power Developments Limited	9,036	158
Mountain Air Services Limited	895	44
DS Developing Limited	(31)	(66)
Sheraton Investments Srl	-	-
Harrogate Holdings Srl	-	-
Roundhay Investments Srl	-	-
Biopower Holdings SA	15,652	7,740
BJK Industries (Pty) Limited	4,686	(532)
Douglasbrae Limited	(268)	(550)
Bell Trucks Holdings Limited	-	131
Bell Truck Sales Limited	(727)	526
BLS Commercials Limited	(317)	(317)
Alba Proteins Limited	3	-
Scot Proteins Limited	(57)	-
Enviromix Limited	(45)	-
Big Green Timber Co Ltd	(108)	-
Indigo Corporation Limited	519	519
Kanika Limited	-	-
Leo Sawrij Limited	14,891	1,151
Housebyres Farming Limited	636	222

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

16. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Shibden Estate Company Limited	336	336
Swales Leemar Limited	1	(13)
Douglasbrae Limited	(233)	(525)

17. Investment property**Group**

	Freehold investment property £000
Valuation	
At 1 May 2018	23,411
Additions at cost	36,557
Disposals	(125)
Surplus on revaluation	595
Transfers between classes	(15,739)
On acquisition of subsidiaries	24,972
Foreign exchange movement	(206)
At 30 April 2019	69,465

The 2019 valuations were made by the directors, on an open market value for existing use basis.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

18. Stocks

	Group 2019 £000	Group 2018 £000
Raw materials and consumables	4,844	1,891
Work in progress	257	-
Finished goods and goods for resale	56,434	30,365
	<u>61,535</u>	<u>32,256</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

19. Debtors

	Group 2019 £000	Group 2018 £000
Due within one year		
Trade debtors	31,174	27,289
Amounts owed by joint ventures and associated undertakings	464	8,531
Other debtors	17,699	19,355
Prepayments and accrued income	3,436	1,755
	<u>52,773</u>	<u>56,930</u>

20. Cash and cash equivalents

	Group 2019 £000	Group 2018 £000
Cash at bank and in hand	22,872	9,264
Less: bank overdrafts	-	(1,879)
	<u>22,872</u>	<u>7,385</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

21. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000
Bank overdrafts	-	1,879
Bank loans	11,423	8,599
Other loans	2,328	2,411
Trade creditors	76,578	43,956
Amounts owed to other participating interests	161	347
Corporation tax	5,203	8,189
Other taxation and social security	2,431	722
Obligations under finance lease and hire purchase contracts	2,351	506
Other creditors	3,792	1,292
Accruals and deferred income	8,491	3,824
	<u>112,758</u>	<u>71,725</u>

The following liabilities were secured:

	Group 2019 £000	Group 2018 £000
Bank borrowings	11,423	10,478
Obligations under finance lease and hire purchase contracts	2,351	506
Trade creditors	27,615	14,400
	<u>41,389</u>	<u>25,384</u>

Details of security provided:

Bank borrowings are secured by a charge over all assets of the group under an omnibus guarantee and set-off agreement dated 18 December 2008.

Obligations under finance leases and hire purchase agreements are secured on the assets to which the agreements relate.

Trade creditors includes amounts related to specific stock held at the balance sheet date and is secured against those stocks.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

22. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000
Bank loans	47,204	15,564
Other loans	-	528
Net obligations under finance leases and hire purchase contracts	1,324	1,307
Other creditors	18	9
	<u>48,546</u>	<u>17,408</u>

The following liabilities were secured:

	Group 2019 £000	Group 2018 £000
Bank borrowings	47,204	15,564
Obligations under finance lease and hire purchase contracts	1,324	1,307
	<u>48,528</u>	<u>16,871</u>

Details of security provided:

Bank borrowings are secured by a charge over all assets of the group under an omnibus guarantee and set-off agreement dated 18 December 2008.

Obligations under finance leases and hire purchase agreements are secured on the assets to which the agreements relate.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

23. Loans

Bank loans and other loans outstanding at the balance sheet date mature as follows:

	Group 2019 £000	Group 2018 £000
Amounts falling due within one year		
Bank loans	11,423	8,599
Other loans	2,328	2,411
	<u>13,751</u>	<u>11,010</u>
Amounts falling due 1-2 years		
Bank loans	5,470	4,855
Other loans	-	528
	<u>5,470</u>	<u>5,383</u>
Amounts falling due 2-5 years		
Bank loans	20,584	7,521
	<u>20,584</u>	<u>7,521</u>
Amounts falling due after more than 5 years		
Bank loans	21,150	3,188
	<u>21,150</u>	<u>3,188</u>
	<u>60,955</u>	<u>27,102</u>

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £000	Group 2018 £000
Within one year	2,351	506
Between 1-5 years	1,324	1,307
	<u>3,675</u>	<u>1,813</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

25. Financial instruments

	Group 2019 £000	Group 2018 £000
Financial assets		
Financial assets measured at fair value through profit or loss	22,883	9,274
Financial assets that are debt instruments measured at amortised cost	51,313	55,091
	<u>74,196</u>	<u>64,365</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(149,409)</u>	<u>(78,281)</u>

Financial assets measured at fair value through profit or loss comprise cash and bank balances.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank borrowings, other loans and finance, trade creditors, other creditors and accruals.

26. Deferred taxation**Group**

	2019 £000
At beginning of year	(2,450)
Charged to profit or loss	(183)
Charged to other comprehensive income	-
Arising on business combinations	(672)
At end of year	<u><u>(3,305)</u></u>

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	(2,112)	(1,325)
Property valuations	(1,192)	(1,125)
	<u>(3,304)</u>	<u>(2,450)</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

27. Accruals and deferred income

	Group 2019 £000	Group 2018 £000
Grants	<u>40</u>	<u>46</u>

28. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
1,087 (2018 - 1,001) Ordinary shares of £1.00 each	<u>1</u>	<u>1</u>

29. Reserves**Foreign exchange reserve**

This reserve represents the cumulative foreign exchange differences on the retranslation of overseas subsidiary assets and reserves.

Other reserves

Other reserves arise on the 86 newly issued shares in Leo Group Holdings Limited in respect of the share for share exchange to acquire the remaining 86% equity stake of Leo Sawrij Limited.

Profit & loss account

This reserve represents cumulative profits and losses. Included within this balance is an undistributable reserve of £19,558,000 (2018 - £19,558,000) relating to the revaluation of properties owned by the group.

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

30. Business combinations

During the year the group acquired the remaining 86% equity stake of Leo Sawrij Limited, the group previously owned 14% prior to acquisition where Leo Sawrij Limited was treated as an associate within the consolidated accounts.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Tangible assets	5,528	5,528
Investment property	25,591	25,591
	<u>31,119</u>	<u>31,119</u>
Stocks	1,369	1,369
Debtors	923	923
Cash at bank and in hand	(2,743)	(2,743)
Total assets	<u>30,668</u>	<u>30,668</u>
Creditors due within one year	(16,218)	(16,218)
Deferred tax	(672)	(672)
Total identifiable net assets	<u>13,778</u>	<u>13,778</u>
Total purchase consideration		<u>13,778</u>
Consideration		
		£000
Existing equity stake held		1,932
Value of shares issued in share for share exchange		11,846
Total purchase consideration		<u>13,778</u>

LEO GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

31. Capital commitments

At 30 April 2019 the Group had capital commitments as follows:

	Group 2019 £000	Group 2018 £000
Contracted for but not provided in these financial statements	12,330	3,831

32. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £505,447 (2018 - £295,232). Contributions totalling £101,397 (2018 - £15,865) were payable to the fund at the balance sheet date and are included in creditors.

LEO GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

33. Related party transactions

The company and group takes advantage of the exemption from the requirement to disclose transactions and balances with group companies on the grounds that consolidated financial statements are prepared.

Mr D Sawrij is a director and, along with his close family, owns 100% of the share capital of Leo Group Holdings Limited which directly owns the majority of the share capital of Leo Group Limited.

Leo Group Limited has a 50% interest in Tom Goddard & Sons Limited and is a member of FS Aviation LLP.

D Sawrij is also a director and shareholder in Leo Sawrij Limited, a company which was an associated company at the previous balance sheet date. Leo Sawrij Limited became a member of the group following its acquisition on 1 May 2018 and therefore transactions and balances with Leo Sawrij Limited and its subsidiaries have not been disclosed for the current year end.

Leo Group Limited had a 50% interest in Associated Waste Management Limited at the previous balance sheet date and is included as a Joint Venture in comparative disclosures below, however was fully disposed of during the year and therefore transactions and balances have not been disclosed for the current year end.

Kedzlie Farm Limited is owned by the children of Mr D Sawrij.

The groups transactions and balances owed (to)/from these related parties at the balance sheet date are disclosed below:

	2019 Balance £000	2018 Balance £000
Kedzlie Farm Limited	3,682	3,113
Joint Ventures and Associated companies	221	9,727
Shareholders	2,200	201
	<hr/>	<hr/>

34. Post balance sheet events

On 3 May 2019, the group has completed the acquisition of the remaining shareholding of it's associate business R Goddard and Son Limited.

The company has paid dividends to shareholders of £36 thousand since the balance sheet date.

35. Controlling party

The ultimate controlling party is Mr D S Sawrij the majority shareholder of the company.