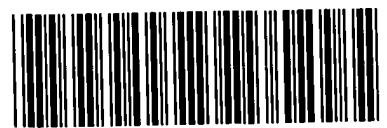


Ashwoods Lightfoot Limited

**Annual Report and Financial Statements
Year Ended 31 December 2020**

Registration number: 08287918

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Ashwoods Lightfoot Limited

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Ashwoods Lightfoot Limited

Company Information

Directors	M D M Roberts J S Ellison
Registered office	Innovation Valley Harcombe Cross Chudleigh Newton Abbot Devon TQ13 0DG
Auditors	PKF Francis Clark Statutory Auditor Sigma House Oak View Close Edginswell Park Torquay Devon TQ2 7FF

Ashwoods Lightfoot Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the development and distribution of emission saving driver technology.

Fair review of the business

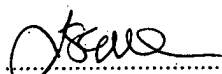
2020 saw strong growth as a result of significant contract wins. The business benefited significantly from the securing of two large supermarket customers who rolled out Lightfoot rapidly and subsequently increased their fleet sizes to cope with increased demand. The rate of installation of new units was evenly spread across the year save for a slight dip in Q3. Activity levels dipped in Q2 as a result of Covid-19 and this reduced the level of new business secured in Q3 but there has been a good bounce back since Q4 2020. Customers have been more reluctant to commit to installing Lightfoot devices during these periods and we continue to see a lower than usual response from prospective customers. However, taken as a whole 2020 saw the rate of increase in unit installations rise by over 80% from 2019. Lightfoot continues to grow in its core market of light commercial vehicles as well as company cars. Turnover remains predominantly in the UK with a small amount of EU sales. 2020 also saw the development of additional offerings to customers to extend the product range particularly in the software services provided. Staffing levels were trimmed during the year to reflect the general lower level of business but staff numbers have risen since as the business continues to experience growth. Sales grew 62.3% in the year to £7,230,659 and Gross Margin, a key performance indicator, remained satisfactory at 61.4%. The benefit of increased volumes flowed through to profit and we are pleased to report a profit before tax for the year of £338,986.

The government furlough scheme was utilised during the year to allow the business to mitigate costs when activity levels reduced, and the business also took a bounce back loan for £50,000 in July 2020. Very few customers sought relief from contractual payments and we saw no material uplift in bad debts as a result of customer failures. The business ended the year with a strong cash balance and does not foresee the need for any additional external financing to meet its forecast growth plans.

Principal risks and uncertainties

The main risks facing the business continue to reflect the impact of Covid-19 on the wider economy. Cyber security also remains a key area of risk as the business remains heavily reliant upon data and data transmission. The business employs a third party consultancy to monitor and manage data security. Brexit uncertainty will pose a risk to the company as a result of planned expansion into EU states and the uncertainty around the impact of regulations and potential tariffs. Supply chain risks centre upon the company's reliance on one principal supplier of its driver feedback device; the company is seeking to build resilience with a second source in the coming year. Customer concentration is relatively high with a small number of large customers constituting a high proportion of the install base of Lightfoot units. However, with significant new business currently being secured this effect will be diluted as the install base grows.

Approved by the Board on 23 March 2021 and signed on its behalf by:



JS Ellison
Director

Ashwoods Lightfoot Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

The directors who held office during the year were as follows:

M D M Roberts

J S Ellison

Financial instruments

Objectives and policies

Lightfoot remains committed to growing the business within its core markets and to explore opportunities overseas. The product offering will continue to be enhanced offering additional functionality to the service. Lightfoot is also exploring related markets in the customer engagement space.

Price risk, credit risk, liquidity risk and cash flow risk

Lightfoot offers a premium product in market with few competitors. Lightfoot provides a different solution to customers than traditional telematics and is typically priced at a higher level to reflect this. Price risk remains a factor albeit we have not seen pricing pressure in the market this year. The business has self-funded again this year and is exploring debt financing options that would enable it to finance more contracts on a monthly payment only model. The company experiences minimal bad debts and contract sales are managed to balance contracts that offer monthly only payments with those that take an upfront cash payment in addition to monthly charges.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 23 March 2021 and signed on its behalf by:



J S Ellison

Director

Ashwoods Lightfoot Limited

Statement of Directors' Responsibilities

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

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

Ashwoods Lightfoot Limited

Independent Auditor's Report to the Members of Ashwoods Lightfoot Limited

Opinion

We have audited the financial statements of Ashwoods Lightfoot Limited (the 'company') for the year ended 31 December 2020, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 director's 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 original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

Ashwoods Lightfoot Limited

Independent Auditor's Report to the Members of Ashwoods Lightfoot Limited

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

Ashwoods Lightfoot Limited

Independent Auditor's Report to the Members of Ashwoods Lightfoot Limited

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the company. We gained an understanding of the company and the industry in which the company operates as part of this assessment to identify the key laws and regulations affecting the company. As part of this, we discussed with management and reviewed the company's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key laws and regulations we identified were those that relate to compliance with employment and taxation legislation, and those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the company complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the company's ability to continue trading and the risk of material misstatement to the accounts.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key incentive identified is to meet sales and profit targets set by the group and we determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure (including inappropriate capitalisation and amortisation of development expenditure) or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiring of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud, of which there were none.
- Reviewing board minutes and legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

In relation to the risk of fraudulent manipulation of the financial statements, we designed and performed the following procedures:

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statement. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

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

Ashwoods Lightfoot Limited

Independent Auditor's Report to the Members of Ashwoods Lightfoot Limited

Use of our report

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

PKF Francis Clark

Christopher Hicks BA FCA DChA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

23 March 2021

Ashwoods Lightfoot Limited

Statement of Income and Retained Earnings

Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	7,230,659	4,456,011
Cost of sales		<u>(2,794,562)</u>	<u>(1,685,941)</u>
Gross profit		4,436,097	2,770,070
Administrative expenses		(4,312,731)	(3,389,880)
Other operating income	4	<u>324,094</u>	<u>357,733</u>
Operating profit/(loss)	5	<u>447,460</u>	<u>(262,077)</u>
Other interest receivable and similar income	9	143,800	131,642
Interest payable and similar charges	10	<u>(252,274)</u>	<u>(225,942)</u>
		<u>(108,474)</u>	<u>(94,300)</u>
Profit/(loss) before tax		338,986	(356,377)
Taxation	11	<u>(12,508)</u>	<u>(9,193)</u>
Profit/(loss) for the financial year		326,478	(365,570)
Retained earnings brought forward		<u>(248,524)</u>	<u>117,046</u>
Retained earnings carried forward		<u><u>77,954</u></u>	<u><u>(248,524)</u></u>

The notes on pages 11 to 24 form an integral part of these financial statements.

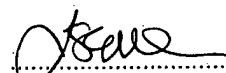
Ashwoods Lightfoot Limited

Balance Sheet

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	2,584,943	2,247,689
Tangible assets	13	<u>49,594</u>	<u>128,381</u>
		<u>2,634,537</u>	<u>2,376,070</u>
Current assets			
Stock	14	416,635	870,382
Debtors	15	6,690,361	2,224,207
Cash at bank and in hand		<u>834,737</u>	<u>946,945</u>
		7,941,733	4,041,534
Creditors: Amounts falling due within one year	16	<u>(9,190,794)</u>	<u>(5,074,832)</u>
Net current liabilities		<u>(1,249,061)</u>	<u>(1,033,298)</u>
Total assets less current liabilities		1,385,476	1,342,772
Creditors: Amounts falling due after more than one year	16	(1,082,521)	(1,420,834)
Provisions for liabilities	19	<u>(225,000)</u>	<u>(170,461)</u>
Net assets/(liabilities)		<u>77,955</u>	<u>(248,523)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>77,954</u>	<u>(248,524)</u>
Shareholders' funds/(deficit)		<u>77,955</u>	<u>(248,523)</u>

Approved and authorised by the Board on 23 March 2021 and signed on its behalf by:



J S Ellison
Director

Company Registration Number: 08287918

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Innovation Valley
Harcombe Cross
Chudleigh
Newton Abbot
Devon
TQ13 0DG

These financial statements were authorised for issue by the Board on 23 March 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company has taken advantage of the exemption, under FRS102, from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company includes the company's cash flows in its consolidated financial statements.

The company has taken advantage of the exemption in FRS102 from disclosing transactions with group companies.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

Going concern

2020 saw a significant uplift in activity over 2019 and sales grew by over 60%. Covid-19 had its biggest impact on the business in March and April 2020 when activity levels dropped significantly but application of the furlough scheme as well as instigating a small number of redundancies enabled the business to keep its operating costs down to minimise any cash drain. The implementation of a substantial customer from the end of Q1 also enabled the business to generate significant cash during the year to compensate for the reduced business activity elsewhere. The company's pipeline continues to be strong and forecasts another material uplift in performance in 2021. The directors have prepared budgets and cashflows for the following 12 months following the approval of these financial statements through to the end of 2022, taking what they believe to be reasonable assumptions on the level of trading, acknowledging the inherent uncertainties caused by the impact of the pandemic. Based on these projections, the company will have sufficient funding to finance its operations throughout this period. In the event that trading falls below expectations, the directors believe that there is sufficient headroom of at least 20% on revenue, and that other cost cutting measures could be taken to ensure that cashflow is maintained. Accordingly the financial statements have been prepared on a going concern basis.

Key sources of estimation uncertainty

The directors have considered the useful economic life of the capitalised development expenditure to be 8 years, based on their current assessment of the life cycle of the product and nature of expenditure incurred. The directors will review this on an annual basis in the light of the commercial and technological advances of the product.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company. Revenue on the sale of equipment is recognised at the point of supply or installation to the customer. Revenue on the sale of subscription services is recognised equally over the term of the contract. The majority of the revenue relates to bundled services. Revenue is allocated between bundled elements to ensure an equal gross profit margin over the life of the contract.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Grants

Grants are accounted for using the performance model as permitted by FRS 102. Grants are credited to the Statement of Income and Retained Earnings when the performance-related conditions of the grant are met by company.

Job retention scheme grant income is accounted for using the accruals method which the costs to which the grants relate are recognised.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 operates and generates taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	Straight line over 3 years
Computer equipment	Straight line over 3 years
Motor vehicles	Straight line over 3 years
Plant and machinery	Straight line over 3 years

Intangible assets

Separately acquired trademarks are shown at historical cost.

Trademarks have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks	Straight line over 3 years
Development costs	Straight line over 8 years
Software	Straight line over 3 years

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Sale of goods	<u>7,230,659</u>	<u>4,456,011</u>

The analysis of the company's turnover for the year by market is as follows:

	2020	2019
	£	£
UK	7,142,327	4,456,011
Europe	<u>88,332</u>	<u>-</u>
	<u>7,230,659</u>	<u>4,456,011</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020	2019
	£	£
Job retention scheme grant	189,663	-
Other grants and subsidies receivable	59,319	283,193
Other operating income	<u>75,112</u>	<u>74,540</u>
	<u>324,094</u>	<u>357,733</u>

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	95,770	119,589
Amortisation expense	429,754	328,855
Foreign exchange losses	2,325	3,221
(Profit)/loss on disposal of property, plant and equipment	<u>(15,832)</u>	<u>12,644</u>

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	1,781,140	1,737,096
Social security costs	174,182	172,428
Pension costs, defined contribution scheme	31,324	33,896
Other employee expense	16,740	15,342
	<u>2,003,386</u>	<u>1,958,762</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Admin & Production	35	45
Management	11	12
Sales	10	6
	<u>56</u>	<u>63</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	81,586	80,559
Sums paid to third parties for directors' services	146,827	140,409
	<u>228,413</u>	<u>220,968</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	<u>162,413</u>	<u>155,409</u>

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

8 Auditor's remuneration

	2020 £	2019 £
Audit of the financial statements	<u>15,000</u>	<u>15,000</u>

9 Other interest receivable and similar income

	2020 £	2019 £
Other finance income	<u>143,800</u>	<u>131,642</u>

10 Interest payable and similar expenses

	2020 £	2019 £
Interest on obligations under finance leases and hire purchase contracts	10,904	16,809
Interest expense on other finance liabilities	<u>241,370</u>	<u>209,133</u>
	<u>252,274</u>	<u>225,942</u>

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

11 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	<u>12,508</u>	<u>9,193</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit/(loss) before tax	<u>338,986</u>	<u>(356,377)</u>
Corporation tax at standard rate	64,407	(67,712)
Effect of deduction in relation to capitalised salary costs	(61,871)	(67,097)
Effect of expense not deductible in determining taxable profit (tax loss)	25,604	9,399
Deferred tax expense relating to changes in tax rates or laws	-	63,433
Use of brought forward tax losses for which no deferred tax asset was recognised	(38,203)	-
Increase in UK and foreign current tax from unrecognised tax loss or credit	-	70,468
Tax increase from effect of capital allowances and depreciation	10,063	702
Tax increase from effect of adjustment in research and development tax credit	<u>12,508</u>	<u>-</u>
Total tax charge	<u>12,508</u>	<u>9,193</u>

Deferred tax

Deferred tax assets and liabilities

2020	Asset £	Liability £
Origination and reversal of timing differences	-	165,838
Tax losses to carry forward	<u>165,838</u>	<u>-</u>
	<u>165,838</u>	<u>165,838</u>

There are £248,773 of unused tax losses (2019 - £1,416,101) and £38,018 of unused tax credits (2019 - £25,510) for which no deferred tax asset is recognised in the Balance Sheet.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

12 Intangible assets

	Trademarks £	Development costs £	Software £	Total £
Cost or valuation				
At 1 January 2020	3,370	2,752,943	25,596	2,781,909
Additions acquired separately	-	767,008	-	767,008
At 31 December 2020	<u>3,370</u>	<u>3,519,951</u>	<u>25,596</u>	<u>3,548,917</u>
Amortisation				
At 1 January 2020	3,370	517,256	13,594	534,220
Amortisation charge	-	421,222	8,532	429,754
At 31 December 2020	<u>3,370</u>	<u>938,478</u>	<u>22,126</u>	<u>963,974</u>
Carrying amount				
At 31 December 2020	<u>-</u>	<u>2,581,473</u>	<u>3,470</u>	<u>2,584,943</u>
At 31 December 2019	<u>-</u>	<u>2,235,687</u>	<u>12,002</u>	<u>2,247,689</u>

13 Tangible assets

	Leasehold improvements £	Computer equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 January 2020	15,840	80,857	131,246	80,301	308,244
Additions	-	16,985	-	-	16,985
Disposals	-	-	(38,370)	-	(38,370)
At 31 December 2020	<u>15,840</u>	<u>97,842</u>	<u>92,876</u>	<u>80,301</u>	<u>286,859</u>
Depreciation					
At 1 January 2020	9,015	47,129	83,024	40,695	179,863
Charge for the year	5,301	23,839	38,174	28,456	95,770
Eliminated on disposal	-	-	(38,368)	-	(38,368)
At 31 December 2020	<u>14,316</u>	<u>70,968</u>	<u>82,830</u>	<u>69,151</u>	<u>237,265</u>
Carrying amount					
At 31 December 2020	<u>1,524</u>	<u>26,874</u>	<u>10,046</u>	<u>11,150</u>	<u>49,594</u>
At 31 December 2019	<u>6,825</u>	<u>33,728</u>	<u>48,222</u>	<u>39,606</u>	<u>128,381</u>

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

14 Stock

	2020 £	2019 £
Raw materials and consumables	53,816	477,962
Finished goods and goods for resale	<u>362,819</u>	<u>392,420</u>
	<u>416,635</u>	<u>870,382</u>

15 Debtors

	2020 £	2019 £
Trade debtors	4,422,899	909,158
Other debtors	171,876	83,931
Prepayments	<u>2,095,586</u>	<u>1,231,118</u>
	<u>6,690,361</u>	<u>2,224,207</u>

16 Creditors

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	17	471,669	280,917
Trade creditors		470,504	240,438
Amounts due to group undertakings		3,031,202	2,770,062
Social security and other taxes		989,135	150,297
Outstanding defined contribution pension costs		7,618	6,675
Other creditors		25,347	13,830
Accruals		<u>4,195,319</u>	<u>1,612,613</u>
		<u>9,190,794</u>	<u>5,074,832</u>
Due after one year			
Loans and borrowings	17	<u>1,082,521</u>	<u>1,420,834</u>

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

17 Loans and borrowings

	2020 £	2019 £
Current loans and borrowings		
Loans and borrowings	431,924	224,393
Finance lease liabilities	39,745	56,524
	<u>471,669</u>	<u>280,917</u>

	2020 £	2019 £
Non-current loans and borrowings		
Loans and borrowings	1,082,250	1,376,081
Finance lease liabilities	271	44,753
	<u>1,082,521</u>	<u>1,420,834</u>

Included within loans and borrowings is a fixed term loan of £1,000,000, which is repayable in 20 quarterly instalments commencing in January 2021. Interest is payable at a fixed rate of 3.7% per annum.

Included within loans and borrowings is a fixed term loan of £454,174, which is repayable in 17 quarterly instalments commencing in August 2018. Interest is payable at a fixed rate of 4.6% per annum.

The loans above are secured by fixed and floating charge over certain assets of the company.

Included within loans and borrowings is a fixed term loan of £50,000, which is repayable in 60 monthly instalments commencing in May 2020. Interest is payable at a fixed rate of 2.5% per annum after the first 12 months, which is interest free.

Finance lease liabilities are secured over the assets to which they relate to.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

18 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	84,590	61,178
Later than one year and not later than five years	60,121	61,644
	<u>144,711</u>	<u>122,822</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £72,236 (2019 - £60,261).

19 Other provisions

	Product warranties £	Total £
At 1 January 2020	170,461	170,461
Increase (decrease) in existing provisions	54,539	54,539
At 31 December 2020	<u>225,000</u>	<u>225,000</u>

The provision for product warranties relates to expected warranty claims on ongoing contracts and lost trial units.

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £31,324 (2019 - £33,896).

Contributions totalling £7,618 (2019 - £6,675) were payable to the scheme at the end of the year and are included in creditors.

Ashwoods Lightfoot Limited

Notes to the Financial Statements

Year Ended 31 December 2020

21 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

22 Commitments

Financial commitments

There is a fixed and floating charge over certain assets of the company to secure the borrowings of its parent company. The total amount of other financial commitments not provided in the financial statements was £3,113,701 (2019 - £3,239,670).

23 Parent and ultimate parent undertaking

The company's immediate parent is Lightfoot Innovations Limited, incorporated in England and Wales.

These financial statements are available upon request from Innovation Valley, Harcombe Cross, Chudleigh, Devon, England, TQ13 0DG.