



LEEDS

GROUP PLC

Annual Report and Accounts 2024

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Group Information and Advisers

Subsidiary Companies

Wholly owned subsidiary companies of Leeds Group plc (“Leeds Group” or “the Group”)

Continuing operations

LG Nordhorn Property GmbH

“LG Nordhorn”

Twentestrasse 1
48527 Nordhorn

Directors during the year

Jörg Hemmers (resigned 26 March 2024)
Dawn Henderson (appointed 26 March 2024)

Principal activity

Property Investment

Discontinued operations

Hemmers-Itex Textil Import Export GmbH

“Hemmers”

Twentestrasse 1
48527 Nordhorn

Directors during the year

Jörg Hemmers

Principal activity

Import, sale & distribution of fabric
Sold on 26 March 2024

**Wholly owned subsidiary company of Hemmers
which is an insolvency process:**

Stoff-Ideen-KMR GmbH

“KMR”

Twentestrasse 1
48527 Nordhorn
Germany

Group Advisers

Solicitors

Walker Morris LLP
33 Wellington Street
Leeds
LS1 4DL

Nominated Adviser

Cairn Financial Advisers LLP
Ninth Floor
107 Cheapside
London
EC2V 6DN

Independent Auditor

MHA
Sixth Floor
2 London Wall Place
London
EC2Y 5AU

Registrars*

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Principal Bankers

Lloyds Bank
1 Lovell Park Road
Leeds
LS1 1 NS

** Calls to the Link Group shareholder helpline 0871 664 0300 are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Or you can contact them by e mail shareholderenquiries@linkgroup.co.uk.*

Strategic Report

Chairman's Statement

For many years, Hemmers, the main subsidiary of the Group, had been loss making and the Directors had looked at all the various options available to return Hemmers to profitability. In the end, the Directors believed that Hemmers, in the long term, was not able to operate as a profitable standalone entity and that the best interests of Hemmers would be better served as part of a larger organisation reflecting the general consolidation that is taking place in the textile market and thereby offering economies of scale in terms of purchasing and sales. The Directors, therefore, concluded that it was in the best interests of shareholders to sell Hemmers.

On 26 March 2024, Leeds Group announced that the sale of Hemmers had been completed. The cash consideration of £501,000 was based on the net book value of the assets of Hemmers, excluding its three properties, less an agreed discount. The Group retained the three properties, through its subsidiary company LG Nordhorn, and secured an agreement with Hemmers to lease all three of the properties. However, Hemmers has recently given notice on one of the properties effective 30 November 2024 and this property is now being marketed for rental.

Following the sale, Leeds Group was considered to be an AIM Rule 15 cash shell as it no longer had any substantial trading activities. Under the AIM Rules, the Company had six months from the date of sale to either make an acquisition, which would constitute a reverse takeover under Rule 14 of the AIM Rules or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which its shares would then be suspended from trading on AIM pursuant to Rule 40 of the AIM Rules. As previously communicated, the Company has not been able to meet these requirements and therefore, the Company's shares were suspended from trading on the AIM market was suspended on 30 September 2024. Once suspended, the Company's shares cannot be traded. The Company's shares will be automatically cancelled from admission to the AIM market six months from the date of suspension, should the reason for the suspension not have been rectified.

The Directors have considered other trading platforms to the AIM market including the AQSE Growth Market. However, an AQSE admission condition was that the Company had a market capitalisation of a minimum of £2m. Unfortunately, the Company has a current market capitalisation of £1.7m and, therefore, the Company is not eligible to apply to the AQSE Growth Market at present. However, the Directors are considering alternative options so that shareholders will be able to trade their shares in the future.

The Directors will continue to work to secure the best outcome for all shareholders and maximise the share value for shareholders.

Jan G Holmstrom
Non-Executive Chairman
21 October 2024

Strategic Report (continued)

Finance and Operating Review

Business review

The Companies Act 2006 requires the Directors to set out in this report a fair review of the business of the Group during the year ended 31 May 2024, including an analysis of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group.

Group Highlights

The Group sold its main trading subsidiary, Hemmers on 26 March 2024. Hemmers is an international textile business engaged in designing, importing, warehousing and wholesaling of fabrics from its base in Germany. The company had struggled as a standalone business in the last few years and the Directors believed that the sale was in both the Group and Company's best interests.

The cash consideration of £501,000 was based on the net book value of the assets of Hemmers, excluding its three properties, less an agreed discount. The Group retained the three properties, through its subsidiary company LG Nordhorn, and secured an agreement with Hemmers to lease all three the properties effective 30 November 2024. However, as Hemmers has recently given notice to vacate one of the properties, the property is now being marketed from rental. The effect of the sale was as follows:

	£000
Sale proceeds	501
Costs associated with the sale	(685)
Net book value of net assets	(2,634)
Loss on sale	(2,818)

Included within the costs associated with the sale are costs associated with the transfer of the properties to LG Nordhorn of £397,000.

Fixed Assets

The net book amount of tangible fixed assets is £5,045,000 which relates to the freehold warehouse and office buildings in Nordhorn, Germany retained by the Group following the sale of Hemmers. The properties are leased back to its former subsidiary, Hemmers and are regarded as investment properties in these financial statements.

Working Capital and Cash Flow

The Group has loans of £1,704,000 with KSK Bank which are secured on the properties. The long-term loan of £1,022,000 is secured on the properties and is payable in monthly equal instalments commencing 15 December 2024 until 15 August 2028. The short-term loan of £682,000 is also secured on the properties. This is repayable by 25 February 2025; the loan may be repaid earlier depending on whether the Company receives the proceeds of the German withholding tax refund of £548,000 or monies expected from the KMR insolvency of £660,000. The expected distribution from the KMR insolvency still needs to be confirmed by a German Insolvency Court.

The Group monitors its working capital requirements to ensure it operates within its current banking facilities. During the year, the two major shareholders (through companies controlled by them) provided bridge financing loans amounting to €2m to assist with funding costs associated with the sale of Hemmers. The loans were substantially repaid (€1.9m) by the year end through securing loans from KSK Bank.

Net Asset Value

Net assets decreased in the year by £6,091,000 as follows:

	Net assets £000	Per share pence
At 31 May 2023	10,439	38.2
Loss after tax	(3,942)	(14.4)
Foreign currency reserve	(2,149)	(7.9)
At 31 May 2024	4,348	15.9

Strategic Report (continued)

Finance and Operating Review (continued)

Principal risks and uncertainties

The Board has identified the main categories of business risk in relation to the Group's strategic aims and objectives, and has considered reasonable steps to prevent, mitigate and manage these risks. The principal risk identified is as follows:

Funding risk

The Group has a combination of a short-term loan and long-term loan both secured on the Group's freehold premises. The Group remains dependent upon the support of the funder of these loans. The Group has close working relationships with their current funder but believes alternative banking funders could be secured if required.

The Directors consider that there will be sufficient headroom available within its working capital facility and, therefore, the Directors are of the opinion that it is appropriate to apply the going concern basis of preparation to the financial statements. However, the Directors do recognise that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, as referred to in Note 2.

Section 172 Report

Leeds Group is committed to acting ethically and with integrity throughout all its business dealings and relationships. It is important to the Company and its subsidiaries that trusted business relationships are established and maintained with key stakeholders, customers and suppliers and that it invests in and supports all its employees equally.

The Directors have always acted in accordance with their lawful duties, which includes their duty to act in good faith to promote the success of the Group for the benefits of its shareholders, having regard to its stakeholders and matters set out in Section 172 (1) of the Companies Act 2006.

The Directors have regard (among other matters) to the following:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

Section 172 considerations are embedded throughout the decision making of the Board. Issues, factors and risks which the Directors have considered when discharging their duty under section 172 (1) are further detailed in the Chairman's Statement, Directors' Report and Corporate Governance Report contained within these report and accounts.

The two major shareholders are represented as non-executive members on the Board. The Board recognises the importance of effective and transparent dialogue with shareholders and ensuring that non-management shareholders understand and support the Group's strategy and objectives. The Board meet quarterly on a formal basis, and ad hoc, as necessary, throughout the year. The Board is more than happy to engage with shareholders at any time and answer questions they may have. The AGM is a formal meeting at which to have this dialogue.

The Board looks to ensure the systems, processes and controls established to manage its businesses to the highest standards. The properties owned by LG Nordhorn are managed by Langer ProjektPlus GmbH, an external property management company. Regular dialogue is maintained with the management company. Staff employed by Leeds Group are encouraged to discuss any concerns or issues they may have with their line manager who are always available to meet staff if necessary.

The strategic report was approved by the Board of Directors on 21 October 2024 and signed on its behalf by:

Jan G Holmstrom
Non-Executive Chairman

Board of Directors

Jan G Holmstrom (Non-Executive Chairman)

Jan has worked in the financial services sector during his entire career and has a wealth of experience working internationally e.g., in the UK, Hong Kong and Sweden. Jan is Non-Executive Chairman of HVA Holdings Limited, Johnson and Starley Limited, Combat Heating Solutions Limited, Dravo Limited and a Non-Executive Director of International Fibres Group (Holdings) Limited, UIM Property Limited and Browallia Holdings Limited. Jan joined the Board of Leeds Group in November 2011 and was appointed Chairman in October 2014.

Johan Claesson (Non-Executive Director)

Johan has been a major shareholder in Leeds Group since 1999, and has extensive business interests, both private and in the public arena. Johan is the Chairman of Catella AB, a public listed company and Chairman of Claesson & Anderzén, a private property company. Johan joined the Board of Leeds Group in September 2004.

David Cooper (Independent Non-Executive Director)

David is a chartered accountant and member of the Institute of Chartered Accountants of Scotland. Previously David was Group Finance Director and Company Secretary of AIM-listed Dawson International PLC, gaining over 25 years' experience in the global textiles industry. He is now Finance Manager of Xelect Limited, which supplies genetic consultancy services to the aquaculture sector. David joined the Board of Leeds Group in October 2014. David remains an independent director as he has no business relationship with any other Directors or shareholders in Leeds Group.

Chairman's Corporate Governance Statement

As Chairman of the Board my role is to develop the strategy for the Company together with the Board of Directors, monitor the ongoing performance of the companies within the Group to ensure that they are meeting our requirements and identify potential acquisitions targets. In addition, my role also encompasses overseeing the functioning of the Board and its effectiveness, also to ensure sound corporate governance practices are followed.

All the Directors believe strongly in the importance of good corporate governance for the creation of shareholder value over the medium to long term and to engender trust and support amongst the Group's wider stakeholders.

In accordance with the changes to AIM Rule 26 the Company is now applying the revised Quoted Companies Alliance ('QCA') Corporate Governance Code ('QCA Code') published in April 2020.

I work with key executives throughout the organisation to instil good corporate governance practices in accordance with the QCA Code.

The Board monitors our corporate governance practices and will always implement improvements which further enhance performance and/or benefit stakeholders.

Jan G Holmstrom
Non-Executive Chairman
21 October 2024

Corporate Governance Report

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance which is appropriate to the size of the Company and the interests of its shareholders.

The Board considers it appropriate to adopt the principles of the Corporate Governance Code for Small and Medium Sized Companies issued by the Quoted Companies Alliance (“the QCA Code”) published in April 2020. Below we set out the extent of compliance with the ten principles of the QCA Code. Where there are any areas of non-compliance, the steps taken or intended to take to move to full compliance are explained:

	Principle	Extent of compliance	Application
1	Establish a strategy and business model which promotes long-term value for shareholders	Fully compliant	<p>The Company’s strategy is shaped by the executive Board and is set out in the Annual Report and on the ‘About Leeds Group PLC’ website page. The Company’s shares are listed on the AIM market of the London Stock Exchange but on 30 September 2024 share trading was suspended. The Company will continue to comply with the Aim Rules until 30 March 2025 when the AIM listing will be automatically cancelled unless the Company can rectify the issue for cancellation.</p> <p>Following the sale of Hemmers, the Group’s main activity is now the rental of a warehouse property and offices in Nordhorn, Germany.</p> <p>The strategic reports as presented by the Directors in the Annual Report, further explains the Company’s business model and strategy. The reports also include the key performance indicators used by the Board to monitor business performance and the risks and uncertainties facing the business and how these are addressed.</p>
2	Seek to understand and meet shareholder needs and expectations	Fully compliant	<p>The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are clearly understood. The Board communicates with shareholders through the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting (‘AGM’) where the Board encourages investors to participate. The Company also maintains a website https://www.leedsgroup.plc.uk which contains information on the Group’s business, corporate information and specific disclosures required under AIM Rules and the QCA Code.</p> <p>In this way the Directors have developed a good understanding of the needs and expectations of all elements of the Company’s shareholder base.</p> <p>There have been no significant votes against resolutions at previous AGMs.</p> <p>As the companies within the Group expand, we continually review the risks and uncertainties facing the Group to ensure we identify any new key risks and how we implement appropriate action to manage these risks.</p>

Corporate Governance Report (continued)

3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Fully compliant	<p>The Board recognises its responsibility under UK law to promote the success of the Group for the benefit of its stakeholders and understands that the business has a responsibility towards its stakeholders including shareholders, employees, customers, suppliers, regulators and to the local community.</p> <p>The Board sets standards across the Group and monitors these at regular Board meetings. The Board is very conscious that the tone and culture it sets impacts all aspects of the Group and the way employees behave and operate.</p> <p>The Board encourages open dialogue and commitment to providing the best service possible to the Group's customers and considerate interactions with suppliers.</p> <p>The Company monitors feedback from all its stakeholders as reported by the Group companies and the Board uses this to develop future policy.</p>
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Fully compliant	<p>The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.</p> <p>The Board monitors financial controls through the setting and approval of annual budgets throughout the Group and the regular review of monthly management accounts which are produced within three weeks of the month end.</p> <p>Each Group company has defined authorisation levels for expenditure, the placing of orders and signing authorities. The daily cash movements of the Group companies are reconciled and monitored by their finance departments. The Group's cash flow is monitored by the Board.</p> <p>Each year on behalf of the Board, the Company Secretary attends audit review meetings at which the auditors present their findings including a comprehensive review of risks/potential risks which cover both financial and non-financial issues potentially affecting a Group company.</p> <p>Group Board meetings are held in the UK, Germany, Sweden or via the internet.</p>

Corporate Governance Report (continued)

5	Maintain the Board as a well-functioning, balanced team led by the chair	Partially compliant	<p>The purpose of the Board is to ensure that the business is managed for the long-term benefit of all shareholders, whilst at the same time having regard for all stakeholders.</p> <p>The Board has a formal schedule of matters reserved for its decisions as set out in Principle 10 below. There are at least four full Board meetings spread across each year which tie in as far as possible with the Group's financial reporting calendar. Additional meetings are held as required.</p> <p>The full Board is responsible and accountable to the shareholders for the management and success of the Group and to provide effective controls to assess and manage risks in the Company.</p> <p>The Board currently comprises the Non-Executive Chairman, two other Non-Executive Directors, one of whom is an independent non-executive director. As the Company has no trading activities, the Board is comprised entirely of Non-Executive Directors.</p> <p>The Non-Executive Directors are considered to be independent of the management. However, the Non-Executive Chairman and one other Non-Executive Director are representatives of significant shareholders and so do not meet the definition of Independent Non-Executive Director.</p> <p>Each is aware of his statutory responsibilities to act in the interests of all shareholders, and they consider their interests to be aligned to promote the long-term success of the Company.</p> <p>Thus, the Board only has one Independent Non-Executive Director rather than two as recommended by the QCA code. The Directors believe that the current Board structure has the necessary range of skills, objectivity and diversity to manage what is a simple structure business and that to increase the number of Independent Non-Executive Directors would add cost rather than benefit. The Board continually keeps this position under review and has identified triggers that it believes would lead to additional appointments. These include proposed diversification into new business areas; a significant acquisition; significant organic growth into new territories.</p> <p>The Board has established procedures to identify and monitor potential or actual conflicts of interest.</p> <p>The Board is supported by the Audit, Remuneration and Nominations Committees, each of which has access to information, resources and advice that it deems necessary, at the Company's cost, to enable the committee to discharge its duties.</p> <p>The Committees' Terms of Reference are posted on the AIM rule 26 page of Company's website.</p>
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Corporate Governance Report (continued)

5	Maintain the Board as a well-functioning, balanced team led by the chair (continued)		<p>The Remuneration Committee comprises the Non-Executive Directors and is chaired by the Chairman. The Remuneration Committee reviews and if appropriate sanctions remuneration proposals made by the executive Directors.</p> <p>No director is permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee meets as and when necessary.</p> <p>The Nominations Committee comprises all members of the Board and is chaired by the Chairman. The Nomination Committee reviews and, if appropriate, approves recommendations for the appointment of additional Directors or replacement of current Directors and for succession planning for the Company.</p> <p>The Board and its Committees receive appropriate and timely information and minutes are kept of all relevant committee meeting matters.</p> <p>Any director can challenge proposals with decisions being taken after discussion. Any director can ask for a concern to be formally noted. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management.</p> <p>Directors have access to advice or services needed to enable them to carry out their roles and duties.</p> <p>In 2023/24, there were eleven internet Board meetings and two other Board meetings, which were attended by all Directors.</p> <p>In 2023/24 all non-executive Directors attended the one remuneration committee meeting and Dave Cooper attended the one audit committee meeting.</p> <p>All Directors are subject to reappointment by shareholders at the first Annual General Meeting following their appointment and thereafter by rotation.</p> <p>The Directors spend such time as is necessary to ensure that their roles and duties are carried out effectively.</p>
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Corporate Governance Report (continued)

6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	Fully compliant	<p>The skills and experience of the Board are set out in their biographical details included within the Directors' Report of the Company's Annual Report. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.</p> <p>The Board comprises Directors with a range of different skills including business and financial experience, IT experience and corporate finance experience.</p> <p>In addition, the Company's Non-Executive Directors have held senior executive positions for a number of years in UK plc companies and therefore are fully aware of their corporate responsibilities and the need to ensure compliance with the AIM regulatory requirements.</p> <p>The Directors of the Company and their responsibilities on the Board are:</p> <p><i>Role of the Non-Executive Chairman – Jan Holmstrom:</i></p> <p>The Non-Executive Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Company. As well as leading and chairing the Board, the Non-Executive Chairman's responsibilities are:</p> <ul style="list-style-type: none"> • Committees are properly structured and operate with appropriate terms of reference; • The Company has a coherent strategy and sets objectives against this; and • There is effective communication between the Company and its shareholders. <p>Jan Holmstrom has held a number of positions as Chairman of private and plc companies and has considerable textile and corporate finance experience.</p> <p><i>Role of the Group Finance Manager and Company Secretary – Dawn Henderson:</i></p> <p>The roles of Group Finance Manager and Company Secretary are combined. The Board acknowledges the QCA guidelines on this matter and consider the joint roles appropriate for the Company's size.</p> <p>The Group Finance Manager is responsible for providing financial oversight of the Group, preparing the accounts, monitoring the performance of the Group companies and reporting on financial matters to the Board. Providing financial input on acquisitions.</p> <p>The Company Secretary is responsible for providing clear and timely information flow to the Board and its Committees and supports the Board on matters of corporate governance and risk. The Company Secretary has direct access to the Chairman on matters of Corporate Governance.</p> <p>Dawn Henderson is a qualified Chartered Accountant who qualified with KPMG in 1988. She has held various Finance Director and Company Secretary roles both within the private and plc environment.</p>
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Corporate Governance Report (continued)

6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities (continued)	Fully compliant	<p><i>Role of the Independent Non-Executive Director – David Cooper:</i></p> <p>The role of the Independent Non-Executive Director is to contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of the Executive Director, provide constructive challenge and ensure that the Company is operating within the governance and risk framework approved by the Board.</p> <p>David Cooper is a qualified Chartered Accountant with considerable corporate and accounting experience and has also worked in the textile industry for many years.</p> <p><i>Role of the Non-Executive Director – Johan Claesson:</i></p> <p>The role of the Non-Executive Director is to scrutinise the performance of the Executive Director, provide constructive challenge and ensure that the Company is operating within the governance and risk framework approved by the Board.</p> <p>Johan Claesson has held a number of positions as Non-Executive Director of private and plc companies and has also worked in the textile industry for many years. He also has considerable experience in the IT and property.</p> <p>Each director is responsible for maintaining the level of skill set required by the role and this is achieved by continuing professional education, technical updates from professional bodies and advisors and an active role assisting the existing Group companies.</p> <p>Whenever required the Directors seek legal, regulatory and audit advice from external advisors. The Board advice from its NOMAD, lawyers in Holland and Germany and tax advice in the UK and Germany in relation to the sale of Hemmers.</p> <p>The Board is well placed to implement the Company's strategy.</p>
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Partially compliant	<p>There is no formal performance evaluation process in place currently. The Directors will consider what performance evaluation framework is required for the Group.</p> <p>Responsibility for succession planning lies with the Nomination Committee. The Committee is satisfied that the Board has the skills it presently requires. The Board has considered the critical functions within each of the businesses to ensure adequate cover exists for each position which would enable contingency and succession to be managed in an appropriate timescale.</p>
8	Promote a corporate culture that is based on ethical values and behaviours.	Fully compliant	<p>The Board recognises that its decisions will impact the corporate culture of the Group as a whole and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way employees behave and operate. The importance of sound ethical values and behaviors is crucial to the ability of the Group to successfully achieve its corporate objectives.</p> <p>The Board has regular interaction with Group company employees and monitors corporate culture in this way. Additionally, it ensures its sound ethical practices and behaviors are deployed at Group company meetings.</p>

Corporate Governance Report (continued)

9	Maintain Governance structures and processes that are fit for purpose and support good decision making by the Board	Fully compliant	<p>The roles and responsibilities of each Director are set out in the response to Principle 6.</p> <p>The terms of reference of the Board committees are set out in response to Principle 5.</p> <p>There are a wide range of matters reserved for the Board. These include strategy, finance, corporate governance, approval of significant capital expenditure, appointment of key personnel and compliance with legal and regulatory requirements.</p> <p>The Company's governance framework is reviewed to maintain the highest levels of business performance.</p>
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Fully compliant	<p>The Board recognises that meaningful engagement with its shareholders is integral to the continued success of the Group. The Board are kept informed of the views of the shareholders through reports from the Independent Non-Executive Director and Company Secretary.</p> <p>The Board believes that the Annual Report, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published on the Group's website.</p> <p>The Annual General Meeting is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders.</p> <p>The Committees of the Board have not published committee reports. They will consider whether to do so in the future.</p> <p>The Board is supported by the Audit and Remuneration Committees, each of which has access to information, resources and advice that it deems necessary, at the Company's cost, to enable the Committee to discharge its duties. These duties are set out in the Terms of Reference which are available on the website.</p> <p><i>The Audit Committee</i> The Audit Committee has met with the external auditors during the year to monitor progress and discuss any issues arising.</p> <p><i>The Remuneration Committee</i> The Remuneration Committee reviews and determines on behalf of the Board and shareholders of the Company the pay, benefits and other terms of service of the executive Directors of the Company and the broad pay strategy with respect to senior Company employees.</p> <p><i>Remuneration Policy</i> The objective of the Company's remuneration policy is to develop remuneration packages which motivate Directors and support the business objectives in the short, medium and long term; to align the interests of executive Directors with the interests of long-term shareholders; encourage executives to operate within the risk parameters set by the Board and ensure that the Company can recruit and retain high quality executives through packages which are fair and attractive but not excessive.</p>

Corporate Governance Report (continued)

10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders (continued)		<p>Matters reserved for the Board</p> <p>1. Management structure and appointments</p> <ul style="list-style-type: none"> • Senior management responsibilities • Board and other senior management appointments or removals • Board and senior management succession, training, development and appraisal • Appointment or removal of Company Secretary • Appointment or removal of internal auditor • Remuneration, contracts, grants of options and incentive arrangements for senior management • Delegation of the board's powers • Agreeing membership and terms of reference of board committees and task forces • Establishment of managerial authority limits for smaller transactions • Matters referred to the board by the board committees <p>2. Strategic/Policy considerations</p> <ul style="list-style-type: none"> • Business strategy • Diversification/retrenchment policy • Specific risk management policies including insurance, hedging, borrowing limits and corporate security • Agreement of codes of ethics and business practices • Receipt and review of regular reports on internal controls • Annual assessment of significant risks and effectiveness of internal controls • Calling of shareholders' meetings • Avoidance of wrongful or fraudulent trading <p>3. Transactions</p> <ul style="list-style-type: none"> • Acquisitions and disposals of subsidiaries or other assets over, say 5% of net assets/profits • Investment and other capital projects over a similar level • Substantial commitments including: <ul style="list-style-type: none"> i. Pension funding ii. Contracts in excess of one year's duration iii. Giving securities over significant Company assets (including mortgages and charges over the Company's property) • Contracts not in the ordinary course of business • Actions or transactions where there may be doubt over property • Approval of certain announcements, prospectuses, circulars and similar documents • Disclosure of Directors' interests • Transactions with Directors or other related parties
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Corporate Governance Report (continued)

10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders (continued)	<p>Matters reserved for the Board (continued)</p> <p>4. Finance</p> <ul style="list-style-type: none"> • Raising new capital and confirmation of major financing facilities • Treasury policies including foreign currency and interest rate exposure • Discussion of any proposed qualification to the accounts • Final approval of annual and interim reports and accounts and accounting policies • Appointment/proposal of auditors • Charitable and political donations • Approval and recommendation of dividends • Approval before each year starts of operating budgets for the year and periodic review during the year <p>5. General</p> <ul style="list-style-type: none"> • Governance of company pension schemes and appointment of company nominees as trustee • Allotment, calls or forfeiture of shares <p>Notices of all general meetings are contained within the Annual Accounts. These are included on the Company's website in the Documents and Notifications section.</p> <p>There have been no significant votes against any resolution proposed at a general meeting in the past 5 years. Significant means more than 20% of those who voted, voting against a resolution.</p>
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Jan G Holmstrom
Non-Executive Chairman
21 October 2024

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 May 2024.

Principal activities

Leeds Group plc has been established for more than a century and is incorporated in England and Wales under Company Number 00067863. The trading subsidiary, LG Nordhorn is based in Germany.

For most of its history, the Group has been mainly engaged in textile processing, specialising in fabric printing and yarn dyeing, and by 1996 had manufacturing operations in UK, Holland and Italy. In recent years, the European textile manufacturing industry has contracted, with an ever-increasing proportion of European textile consumption being sourced from the low wage economies of the Far East. In response, Leeds Group has now ceased all manufacturing and textile activities and its main activity is property investment.

Results and dividend

The consolidated statement of comprehensive income for the year is set out on page 25. Given the results of the financial year, the Directors do not recommend the payment of a dividend in 2024 (2023: *£nil*).

Directors and Directors' interests

The Directors who held office during the year were Mr Johan Claesson, Mr David Cooper and Mr Jan Holmstrom and their remuneration for the year is set out in note 6 to the financial statements. The Director retiring by rotation is Mr Johan Claesson who, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Directors who held office at the end of the year had the following interests in the ordinary share capital of the Company:

	Number of shares			
	Interest at end of year		Interest at beginning of year	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Johan Claesson	7,978,050	-	7,978,050	-
David Cooper	-	-	-	-
Jan Holmstrom	-	-	-	-

There are no outstanding share options granted to Directors or employees of the Company. No changes in Directors' share interests or share options have taken place between the end of the year and 21 October 2024.

Substantial shareholdings

The following shareholders held interests of 3% or more of the issued share capital of the Company as at 21 October 2024:

	% of issued share capital
Mr Johan Claesson and associates	29.20
Mr Peter Gyllenhammar and associates	25.04
Sunningdale Investments Ltd	10.49

Directors' and officers' liability insurance

The Group maintains directors' and officers' liability insurance that gives appropriate cover for any legal actions brought against its directors or senior managers. This policy remained in force on the date on which the financial statements of the Group were approved by the Board.

Political and charitable contributions

The Group made no political contributions, nor any donations to UK charities in the years ended 31 May 2024 and 31 May 2023.

Leeds Group plc Ordinary shares of 12 pence each

The market value of Leeds Group shares between 1 June 2023 and 31 May 2024 ranged between 7.6p and 15p. The average market value for the year was 11.5p, and as at 31 May 2024 the market value was 9.5p (31 May 2023: 12.5p).

Financial risk management policies

The Group's activities are exposed to a variety of financial risks which are set out in note 4 to the consolidated financial statements.

Directors' Report (continued)

Emissions

Quoted companies of any size and large unquoted companies are required to report under the Streamlined Energy and Carbon reporting unless exemptions apply. The UK operations do not consume more than 40,000kWh of energy in a reporting period granting them low energy status, and the overseas subsidiaries are incorporated in Germany and therefore are exempt from disclosure. Furthermore, as an unquoted group, the Group and Company does not meet the definition of large in current and prior periods and therefore is exempt from Streamlined Energy and Carbon reporting.

Post Balance Sheet Events

Following the sale of the Group's main subsidiary Hemmers, Leeds Group was considered to be an AIM Rule 15 cash shell as it no longer had any substantial trading activities. Under the AIM Rules, the Company had six months from the date of sale to either make an acquisition, which would constitute a reverse takeover under Rule 14 of the AIM Rules or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which its shares would then be suspended from trading on AIM pursuant to Rule 40 of the AIM Rules. The Company has not been able to meet these requirements and therefore, the Company's shares were suspended from trading on the AIM market on 30 September 2024. Once suspended, the Company's shares cannot be traded. The Company's shares will be automatically cancelled from admission to the AIM market six months from the date of suspension, should the reason for the suspension not have been rectified. The Directors have considered other trading platforms to the AIM Growth Market including the AQSE market. However, an AQSE admission condition was that the Company had a market capitalisation of a minimum of £2m. The Company has a current market capitalisation of £1.7m and, therefore, is not eligible to apply to the AQSE Growth Market at present.

Going Concern

When considering its opinion about the application of the going concern basis of preparation of the financial statements to 31 May 2024, the Directors have given due consideration to:

- The future plans of the Group and the robustness of forecasts for the next 12 months from the approval of these financial statements, which return the Group to a modest profit.
- The financing facilities available to the Group and the circumstances in which these could be limited or withdrawn.

Future plans and forecasts

The Group's principal activity is owning and managing a portfolio of investment properties in Germany through its subsidiary. In making the going concern assessment, the Board has considered the Group's current financial position, its ability to meet future rental income targets, and expected operational expenses, including property maintenance, taxes, and administrative costs.

Forecasts have been prepared for the next 12 months from the approval of these financial statements which indicate a return to modest profit over that period. The key assumptions include continued payment of rental income in accordance with the lease agreements, estimated future costs and the continued support of lenders. The rental income is deemed to be sufficient to cover the forecast costs of the Group and the rental agreements are in place until November 2028. The forecasts also take into account reasonably possible changes in trading performance and external market factors, including an assessment of potential risks related to rental income fluctuations, occupancy rates, and any material changes in property values.

Financing facilities

The Parent Company, which has no bank borrowing facilities, is located in the UK. The property rental business, LG Nordhorn located in Germany has two loans as follows, repayment terms are set out in note 22:

- A short-term loan of €0.8m (£0.7m) secured on the properties at Nordhorn.
- A long-term loan of €1.2m (£1.0m) secured on the properties at Nordhorn.

The Directors consider there will be sufficient operational cash flow generated within the business and, therefore, the Directors believe that the Group will continue to operate as a going concern for the next 12 months and beyond from the approval of these financial statements. The financial statements have, therefore, been prepared on a going concern basis. However, the Directors acknowledge that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. This is in relation to the recoverability of two receivables included in the Group accounts, the refund of the German withholding tax paid and monies expected from the KMR insolvency. Should these receivables be received later than expected, additional financial support may be required from the bank or the major shareholder to facilitate the repayment of debt due within the next 12 months.

Directors' Report (continued)

Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group and Parent Company 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 Group and Parent Company financial statements in accordance with UK adopted International Financial Reporting Standards, and that the Company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), all subject to any material departures that are disclosed and explained.

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 Group and Parent Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the Group financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards, and that the Company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), all subject to any material departures that are disclosed and explained; 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 requirements of 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.

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

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

In accordance with Section 489 of the Companies Act 2006, Resolution 3 is to be proposed at the forthcoming Annual General Meeting for the re-appointment of MHA as auditors of the Company following their appointment during the year by the Directors, to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting of the Company at which the accounts are laid.

The Directors' report was approved by the Board on 21 October 2024 and signed on its behalf by:

Craven House
14 – 18 York Road
Wetherby
Leeds,
LS22 6SL

Dawn Henderson
Company Secretary

Independent Auditor's Report to the members of Leeds Group plc

For the purpose of this report, the terms “we” and “our” denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Leeds Group plc. For the purposes of the table on pages 19 to 20 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA. The Group financial statements, as defined below, consolidate the accounts of Leeds Group plc and its subsidiaries (the “Group”). The “Parent Company” is defined as Leeds Group plc, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Qualified opinion

We have audited the financial statements of Leeds Group plc for the year ended 31 May 2024. The financial statements that we have audited comprise:

- the Consolidated Statement of Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Cash Flow Statement
- the Consolidated Statement of Changes in Equity
- Notes 1 to 29 to the consolidated financial statements, including significant accounting policies
- the Company Statement of Financial Position
- the Company Statement of Changes in Equity and
- Notes 1 to 9 to the Company financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Financial Reporting Standards (“UK adopted IFRS”). The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 May 2024 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted IFRS;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for qualified opinion

As disclosed in Note 19, the Group is expecting the repayment of insolvency monies amounting to £660,000 following the disposal of KMR from the Group in the prior year, which resulted in the transfer of control to the insolvency practitioner. This amount is included within other receivables disclosed in Note 19 to the financial statements. During our audit, we were unable to obtain sufficient appropriate audit evidence to verify the recoverability of this amount due to the Group and, consequently, we could not perform a recoverability assessment. Therefore, we were unable to determine whether any adjustment to this amount was necessary.

Additionally, as described in our prior year audit report for the year ended 31 May 2023, where we were unable to obtain sufficient appropriate audit evidence regarding the financial performance of KMR, a disposed entity included in the comparative figures for that year. As a result, our audit opinion on the financial statements for the prior year ending 31 May 2023 was modified accordingly. Our opinion on the current period’s financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures and the corresponding figures. In addition, were any adjustment to the aforementioned receivable of £660,000 and corresponding balances in the Consolidated Statement of Comprehensive Income and Consolidated Cash Flow to be required, the strategic report would also need to be amended.

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 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 as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements.

Independent Auditor's Report to the members of Leeds Group plc (continued)

Material uncertainty relating to going concern

We draw your attention to Note 2 in the financial statements which indicates that the Group and Parent Company's operational existence is dependent on the recovery of German withholding tax and monies due back from the KMR liquidator. Should these receivables become overdue or be received late, additional financial support may be required to facilitate the repayment of debt due within the next 12 months. The impact of this together with other matters set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to both the Group's and the Parent Company's operations and specifically their business model.
- The evaluation of how those risks might impact on the Group's available financial resources.
- Review of the mathematical accuracy of the cashflow forecast model prepared by management and corroboration of key inputs and assumptions to supporting documentation for consistency of assumptions used with our knowledge obtained during the audit.
- Challenging management for reasonableness of assumptions in respect of the timing and quantum of cash receipts and payments included in the cash flow model.
- Holding discussions with management regarding future financing plans, corroborating these where necessary and assessing the impact on the cash flow forecast.
- Review of the Group's external debt exposure to determine if any future repayments have been included within the Group's cash flow projections.
- Holding discussions with management and completing reviews of any events after the reporting period to identify if these may impact on the Group's ability to continue as a going concern.

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

Overview of our audit approach

Scope	Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's internal control system, and assessing the risks of material misstatement. We also addressed the risk of management override of controls, including assessing potential bias by the Directors.
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At the beginning of the period, the Group consisted of Leeds Group plc (Parent Company) and Hemmers-Itex Textil Import Export GmbH (Hemmers). Hemmers was disposed of on 26 March 2024, and we performed specified audit procedures on the financial results up to the disposal date.

During the year, LG Nordhorn Properties GmbH (LG Nordhorn) was added to the Group, holding investment property which is leased to Hemmers following its disposal from the Group. We have performed specified audit procedures on LG Nordhorn, focusing on key balances which primarily relate to the investment property and related transactions.

Leeds Group plc (Parent Company) was determined to be a significant component and was subject to a full scope audit.

Our audit approach ensured that all significant components of the Group were either subject to full scope audits or specified audit procedures based on their financial significance and assessed risk.

The audit procedures applied to each component were determined based on:

- 1) The financial significance of the component to the Group as a whole; and
- 2) The assessment of the risk of material misstatement in each component.

Our audit scope results in all major operations of the Group being subject to audit work.

Independent Auditor's Report to the members of Leeds Group plc (continued)

Overview of our audit approach (continued)

Materiality	2024	2023	
Group	£95,200	£278,000	1.5% (2023: 1.0% of total revenue) of total assets
Parent Company	£75,800	£41,900	1.5% (2023: 0.5%) of total assets
Key audit matters			
New	<ul style="list-style-type: none"> Accounting of investment property 		

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion and Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting of investment property

Key audit matter description	The Group's investment property, with a carrying amount of £5,045,000, is a key area of focus due to its materiality to the financial statements. The property is accounted for using the cost model under IAS 40 (Investment Property). As such, there is a risk that its carrying value may not be recoverable if there are changes in market conditions or if expected future rental income decreases, which could indicate the need for an impairment adjustment.
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Following the disposal of operational subsidiaries and the Group's transition to an investment property business model, there is increased uncertainty in estimating future rental income and property yields. This shift necessitates greater reliance on external market data for assessing impairment indicators. Any changes in assumptions about market conditions or rental yields could significantly impact the assessment of recoverable amount, making this a key area of audit focus.

How the scope of our audit responded to the key audit matter	<p>Our audit work included, but was not restricted to the following:</p> <ul style="list-style-type: none"> Evaluating the accounting treatment applied to the investment property, specifically focusing on whether the use of the cost model is appropriate under IAS 40, as opposed to the fair value model. Assessing the appropriateness and consistency of management's impairment review process, including the evaluation of key assumptions such as future rental income and market conditions. Comparing market data used in management's impairment assessment to external property valuations to ensure that assumptions reflect current market conditions. Verifying the ownership of the investment property through examination of legal documentation and ensuring that the transfer of ownership has been appropriately recorded following the disposal of operational subsidiaries. Recalculation of depreciation to verify the mathematical accuracy of the depreciation charged in the year and carrying amount recorded at the reporting date of 31 May 2024. Performing a review of the Group's accounting policies, to confirm that these conform with the requirements of IFRS.
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Key observations	We are satisfied that the accounting treatment of the investment property, including its recognition under the cost model, is appropriate. Our procedures found no evidence of a material misstatement in the carrying value of the Group's investment property in the financial statements.
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Independent Auditor's Report to the members of Leeds Group plc (continued)

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	£95,200 (2023: £278,000)	£75,800 (2023: £41,900)
How we determined it	1.5% of total assets (2023: 1.0% of total revenue)	1.5% of total assets (2023: 0.5% of total assets)
Performance materiality	£66,000 (2023: £193,000)	£53,060 (2023: £29,330)
How we determined it	70% of overall materiality (2023: 70%)	70% of overall materiality (2023: 70%)
Rationale for the benchmark applied	<p>The Group has retained significant investment property following the disposal of its key operating subsidiary during the year. With the shift towards a property investment focus, total assets are now the primary driver of future returns, making them the most relevant benchmark for users of the financial statements to assess the Group's financial potential.</p> <p>Therefore, we consider this to be the most appropriate benchmark for Group materiality.</p>	The Parent Company is largely a holding Company incurring limited costs and therefore total assets have been considered the most appropriate benchmark for materiality.

We agreed to report any corrected or uncorrected adjustments exceeding £4,825 (2023: £13,850) and £3,790 (2023: £2,095) in respect of the Group and Parent Company respectively to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

At the beginning of the financial year ending 31 May 2024, the Group consisted of two components based in the UK and Germany.

Independent Auditor's Report to the members of Leeds Group plc (continued)

Overview of the scope of the Group and Parent Company audits (continued)

During the year, one of the companies was disposed and a new Company was incorporated into the Group. We therefore determined that we needed to perform specified procedures on those entities to gain sufficient coverage.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Gross assets	Loss before tax
Full scope audit	1	0%	20%	79%
Audit of specified balances, transaction classes or disclosures	2	100%	80%	21%
Total	3	100%	100%	100%

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

Climate-related risks

In planning our audit and gaining an understanding of the Group and Parent Company, we have considered, based upon the information received from management, the potential impact of climate-related risks on the business and its financial statements.

We have received no evidence the contrary that managements' assessment of climate-related risks is not material to these financial statements.

Reporting on other information

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

As described in the basis for qualified opinion section of our report, we were unable to obtain any audit evidence for the receivable balance of £660,000 as receivable from the insolvency administrator. Additionally, our opinion on current period's financial statements is also modified because of the possible effect of prior year's qualification on the comparability of the current period's figures and the corresponding figures.

We have concluded that where the other information refers to the aforementioned receivable balance or prior year balances within SOCI and SOCF, it may be materially misstated for the same reason.

Strategic report and directors' report

Except for the possible effects of the matter described in the basis for qualified opinion section, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Independent Auditor's Report to the members of Leeds Group plc (continued)

Matters on which we are required to report by exception

Arising from the limitation on the scope of the work relating to other receivables and work relating to KMR in the prior year, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- returns adequate for our audit have not been received by branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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's and the 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 either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 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 financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the Directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group.

Independent Auditor's Report to the members of Leeds Group plc (continued)

Identifying and assessing potential risks arising from irregularities, including fraud (continued)

- We enquired of the Directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in any accounting.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's board and audit committee meetings, inspection of legal documents and list of cases where applicable;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - Holding discussions with management to ascertain any ongoing claims or issues during the year as well as a review of legal and professional expense codes.
 - Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias.
 - Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
 - Challenging assumptions and judgements made by management in their significant accounting estimates.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the 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 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Moyser FCA FCCA (Senior Statutory Auditor)

for and on behalf of MHA, Statutory Auditor

London, United Kingdom

21 October 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Consolidated Statement of Comprehensive Income

for the year ended 31 May 2024

	Note	Year ended 31 May 2024			Year ended 31 May 2023		
		Discontinued operations £000	Continuing operations £000	Total £000	Discontinued operations £000	Continuing operations £000	Total £000
Revenue	8	16,752	76	16,828	27,817	-	27,817
Cost of sales		(12,739)	-	(12,739)	(22,383)	-	(22,383)
Gross profit		4,013	76	4,089	5,434	-	5,434
Distribution costs		(1,127)	-	(1,127)	(2,203)	-	(2,203)
(Loss)/gain on discontinued operations	7	(2,818)	-	(2,818)	138	-	138
Administrative costs		(3,073)	(448)	(3,521)	(3,820)	(229)	(4,049)
Total administrative costs		(5,891)	(448)	(6,339)	(3,682)	(229)	(3,911)
Other income	5	-	-	-	171	-	171
Operating loss		(3,005)	(372)	(3,377)	(280)	(229)	(509)
Interest payable and similar expenses	9	(386)	(41)	(427)	(384)	-	(384)
Loss before tax		(3,391)	(413)	(3,804)	(664)	(229)	(893)
Tax (charge)/credit	10	(138)	-	(138)	53	-	53
Loss for the year attributable to the equity holders of the Parent Company		(3,529)	(413)	(3,942)	(611)	(229)	(840)
Other comprehensive (loss)/profit							
Translation differences on foreign operations		(19)	3	(16)	102	-	102
Total comprehensive loss for the year attributable to the equity holders of the Parent Company		(3,548)	(410)	(3,958)	(509)	(229)	(738)

There is no tax effect relating to other comprehensive income/(loss) for the year. Amounts included in other comprehensive income/(loss) may be reclassified subsequently as profit or loss.

Loss per share attributable to the equity holders of the Company

	Note	Year ended 31 May 2024	Year ended 31 May 2023
Basic and diluted total loss per share (pence)	11	14.4p	3.1p

The notes on pages 29 to 52 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 May 2024

Company number 00067863	Note	31 May 2024 £000	31 May 2023 £000
Assets			
<i>Non-current assets</i>			
Investment property	13	5,045	-
Property, plant and equipment	14	-	6,487
Right-of-use assets	15	-	207
Intangible assets	16	-	46
Total non-current assets		5,045	6,740
<i>Current assets</i>			
Inventories	18	-	8,218
Trade and other receivables	19	710	3,199
Other receivables	19	548	-
Cash on demand or on short term deposit	20	44	234
Total current assets		1,302	11,651
Total assets		6,347	18,391
Liabilities			
<i>Non-current liabilities</i>			
Loans and borrowings	22	(883)	(544)
Lease liabilities	23	-	(112)
Total non-current liabilities		(883)	(656)
<i>Current liabilities</i>			
Trade and other payables	21	(295)	(1,353)
Loans and borrowings	22	(821)	(5,502)
Lease liabilities	23	-	(97)
Provisions	25	-	(344)
Total current liabilities		(1,116)	(7,296)
Total liabilities		(1,999)	(7,952)
TOTAL NET ASSETS		4,348	10,439
Capital and reserves attributable to equity holders of the Company			
Share capital	26	3,279	3,279
Capital redemption reserve	26	1,113	1,113
Foreign exchange reserve		3	2,152
Retained earnings		(47)	3,895
TOTAL EQUITY		4,348	10,439

The financial statements on pages 25 to 28 were approved and authorised for issue by the Board of Directors on 21 October 2024 and were signed on behalf of the Board by: -

Jan G Holmstrom

Non-Executive Chairman

The notes on pages 29 to 52 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 May 2024

	Note	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Cash flows from operating activities			
Loss for the year		(3,942)	(840)
Adjustments for:			
Government assistance credit	5	-	(59)
Depreciation of investment property	13	96	-
Depreciation of property, plant and equipment	14	402	608
Depreciation of right-of-use assets	15	92	103
Amortisation of intangible assets	16	5	6
Finance expense – interest on other loans	9	36	-
Finance expense – interest on bank loans	9	385	347
Finance expense – interest lease liabilities	9	6	37
Gain on sale of property, plant and equipment	5	-	(142)
Loss on sale of right-of-use assets	5	-	3
Loss/(gain) on discontinued operations	7	2,818	(138)
Tax charge/(credit)	10	138	(53)
Cash from/(used in) operating activities before changes in working capital and provisions		36	(128)
Decrease in inventories		265	2,744
Decrease/(increase) in trade and other receivables		121	(404)
Increase/(decrease) in trade and other payables		157	(101)
Cash generated from operating activities		579	2,111
Tax paid		(686)	(32)
Net cash flows (used in)/generated from operating activities		(107)	2,079
Investing activities			
Purchase of property, plant and equipment	14	(22)	(51)
Proceeds from the sale of fixed assets		86	521
Net costs from disposal of subsidiary		(844)	-
Net cash (used in)/generated from investing activities		(780)	470
Financing activities			
Bank borrowings drawn	22	1,720	633
Bank borrowing disposed of	7	5,535	868
Bank borrowings repaid	22	(6,032)	(1,172)
Repayment of principal on lease liabilities	23	(92)	(661)
Repayment of interest on lease liabilities	23	(6)	(37)
Other interest paid	9	(36)	-
Bank interest paid	9	(385)	(347)
Government assistance received	5	-	59
Net cash generated from/(used in) financing activities		704	(657)
Net (decrease)/increase in cash and cash equivalents		(183)	1,892
Translation loss on cash and cash equivalents		-	(3)
Cash and cash equivalents at the beginning of the year		234	126
Cash and cash equivalents disposed of	7	(7)	(1,781)
Cash and cash equivalents at the end of the year	20	44	234

The notes on pages 29 to 52 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 May 2024

	Share capital £000	Capital redemption reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 31 May 2022	3,279	1,113	2,050	4,735	11,177
(Loss) for the year	-	-	-	(840)	(840)
Other comprehensive income	-	-	102	-	102
<i>Total comprehensive income/(loss)</i>	-	-	102	(840)	(738)
At 31 May 2023	3,279	1,113	2,152	3,895	10,439
(Loss) for the year	-	-	-	(3,942)	(3,942)
Realisation on disposal of subsidiary	-	-	(2,133)	-	(2,133)
Other comprehensive (loss)	-	-	(16)	-	(16)
<i>Total comprehensive (loss)</i>	-	-	(2,149)	(3,942)	(6,091)
At 31 May 2024	3,279	1,113	3	(47)	4,348

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	The nominal value of issued ordinary shares in the Company.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Foreign exchange reserve	Gains/(losses) arising on retranslation of the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains/(losses) recognised in the consolidated statement of comprehensive income after deducting the cost of cancelled treasury shares.

The notes on pages 29 to 52 form part of these financial statements.

Notes

forming part of the financial statements for the year ended 31 May 2024

1 General information

Leeds Group plc is an AIM listed public company, limited by shares and incorporated in England and Wales under the Companies Act and its number is 00067863. The address of the registered office is Craven House, 14-18 York Road, Leeds, Wetherby, LS22 6SL.

The subsidiaries of the Group are set out on page 1 Group Information, the Directors Report and note 17.

2 Material accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements have been prepared under the historical cost convention subject to fair valuing of financial instruments. The Group financial statements have been properly prepared in accordance with UK adopted International Financial Reporting Standards (UK adopted IFRS) and in accordance with the Companies Act 2006.

Subsidiaries

Subsidiaries are entities controlled by the Group. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences to the date on which control ceases. All intercompany transactions, balances, income and expenses between Group companies are eliminated on consolidation.

Business combinations

The acquisition method is used to account for all acquisitions. The cost of an acquisition is measured at the fair values at the date of acquisition, which is the date on which control is transferred to the Group. The consideration is calculated as the sum of the fair value of assets transferred and liabilities incurred.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest of the acquiree; less
- the net recognised amount of separately identifiable assets acquired, and liabilities assumed, measured at their fair value.

When the excess is negative, a bargain price is recognised immediately in the consolidated statement of comprehensive income. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Going Concern

When considering its opinion about the application of the going concern basis of preparation of the financial statements to 31 May 2024, the Directors have given due consideration to:

- The future plans of the Group and the robustness of forecasts for the next 12 months from the approval of these financial statements, which return the Group to a modest profit.
- The financing facilities available to the Group and the circumstances in which these could be limited or withdrawn.

Future plans and forecasts

The Group's principal activity is owning and managing a portfolio of investment properties in Germany through its subsidiary. In making the going concern assessment, the Board has considered the Group's current financial position, its ability to meet future rental income targets, and expected operational expenses, including property maintenance, taxes, and administrative costs.

Notes

forming part of the financial statements for the year ended 31 May 2024

2 Material accounting policies (continued)

Going Concern (continued)

Future plans and forecasts (continued)

Forecasts have been prepared for the next 12 months from the approval of these financial statements which indicate a return to modest profit over that period. The key assumptions include continued payment of rental income in accordance with the lease agreements, estimated future costs and the continued support of lenders. The rental income is deemed to be sufficient to cover the forecast costs of the Group and the rental agreements are in place until November 2028. The forecasts also take into account reasonably possible changes in trading performance and external market factors, including an assessment of potential risks related to rental income fluctuations, occupancy rates, and any material changes in property values.

Financing facilities

The Parent Company, which has no bank borrowing facilities, is located in the UK. The property rental business, LG Nordhorn located in Germany has two loans as follows, repayment terms are set out in note 22:

- A short-term loan of €0.8m (£0.7m) secured on the properties at Nordhorn.
- A long-term loan of €1.2m (£1.0m) secured on the properties at Nordhorn.

The Directors consider there will be sufficient operational cash flow generated within the business and, therefore, the Directors believe that the Group will continue to operate as a going concern for the next 12 months and beyond from the approval of these financial statements. The financial statements have, therefore, been prepared on a going concern basis. However, the Directors acknowledge that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. This is in relation to the recoverability of two receivables included in the Group accounts, the refund of the German withholding tax paid and monies expected from the KMR insolvency. Should these receivables be received later than expected, additional financial support may be required from the bank or the major shareholder to facilitate the repayment of debt due within the next 12 months.

Changes in accounting policies

The following standards will be effective for financial years beginning on or after 1 January 2024.

- **Amendments to IFRS 16 Finance leases**
The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
- **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**
The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, have been deferred to no earlier than 1 January 2024.
- **Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements**
In May 2023, the IASB issued Supplier Finance Arrangements to require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The Group does not expect these amendments will have a material impact on its financial statements.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and is shown net of Value Added Tax. Revenue is recognised at the point of acceptance by the customer this reflecting fulfilment of the sole performance obligation to the customer. Contracts with wholesale customers are typically fixed price based on agreed amounts and invoiced upon despatch of the goods in line with the standard terms and conditions of the Group. The Group's standard payment terms are between 30 and 60 days following the date of invoice. Contracts with retail customers are based on a fixed price at the point of sale. There are no long-term or financing arrangements with customers in place across the Group. There are no material concentrations of revenue by customers.

Notes

forming part of the financial statements for the year ended 31 May 2024

2 Material accounting policies (continued)

Dividends

Interim dividends are recognised when paid and final dividends are recognised when approved by the shareholders at the AGM.

Segmental reporting

The Board considers that the Group's has only one business segment going forward. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is identified as the Board of Directors, which is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

Other intangible assets

Intangible assets purchased separately, such as trademarks, are capitalised at cost and amortised on a straight-line basis. This is charged to operating expenses over the asset's useful of 20 years.

Investment property

The Group applies the historic cost model to investment property. Investment property comprises property held by the Group not occupied by its trading subsidiaries for the purpose of earning rental income to cover costs. Investment property is carried at cost less accumulated depreciation and any recognised impairment loss. Freehold land is not depreciated. Depreciation is provided to write off the carrying value of items on a straight-line basis over their expected useful economic lives which is between 8 and 33 years.

Property, plant and equipment

Other than freehold land, all items of property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment loss. Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment to write off the carrying value of items on a straight-line basis over their expected useful economic lives as follows:

Land and buildings	8 - 33 years
Plant and equipment	5 - 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate. Any gain or loss on disposal of property, plant and equipment is recognised in the consolidated statement of comprehensive income.

Impairment of non-current assets

At each financial year end, the Group assesses whether there is an indication that its assets have been impaired. If there is an indication that its assets have been impaired, the recoverable amount is determined to determine the extent of the impairment. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which it relates is determined. The recoverable amount is defined as the higher of the fair value less costs to sell and value in use at that date. Value in use is calculated as the expected future cash flows discounted on a pre-tax basis, using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to that assets or cash generating unit. If the recoverable amount of the asset is less than the carrying value, the carrying value is reduced to its recoverable amount, that reduction is recognised as an impairment loss. An impairment loss relating to an asset carried at cost less accumulated depreciation or amortisation is recognised immediately in the consolidated statement of comprehensive income. If an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised recoverable amount but limited to the carrying value that would have been determined had no impairment been recognised in prior years. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

Leases

The Group has adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on 1 June 2020, without restatement of comparative figures. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the determined lease term, with the discount rate applied being the incremental borrowing rate of the Group. The incremental borrowing rate has been determined with the use of existing ability of the Group to obtain finance on similar security.

Notes

forming part of the financial statements for the year ended 31 May 2024

2 Material accounting policies (continued)

Leases (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability. Payments made under these leases are charged to profit and loss on a straight-line basis over the lease term.

Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Taxation

Taxation comprises current and deferred tax. It is recognized in profit or loss except to the extent it relates to a business combination or items directly in equity or other comprehensive income (IAS12:58).

Notes

forming part of the financial statements for the year ended 31 May 2024

2 Material accounting policies (continued)

Employee benefits

The Group operates a defined contribution pension scheme for its UK employees, and contributions are charged to the consolidated statement of comprehensive income in the period to which they relate. The Group did not operate a pension scheme in Germany where pension arrangements are provided by the state.

Foreign currency

The consolidated financial statements are presented in sterling, which is the functional currency of the Parent Company and the presentational currency of the Group. Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of the statement of financial position. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately.

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, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the date of the statement of financial position. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Exchange differences recognised in the consolidated statement of comprehensive income of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences relating to that operation, previously recognised in the foreign exchange reserve, are reclassified to profit or loss as part of the gain or loss on disposal.

KMR Insolvency debtor

The insolvency debtor is recognised at fair value and subsequently at amortised cost less provision for impairment. On confirmation that the receivable will not be collected, the gross carrying value is written off against the associated provision.

Financial assets and liabilities

IFRS 9 'Financial Instruments' outlines the principles an entity must apply to measure and recognise financial assets and liabilities. The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract.

Financial assets

Financial assets that are held to collect are categorised as amortised cost under IFRS 9. This includes the Group's trade and other receivables and cash and cash equivalents. The measurement of these financial assets held at amortised cost remains unchanged since the introduction of IFRS 9.

Trade receivables

Trade receivables that do not contain a significant financing component are recognised initially at fair value and thereafter at amortised cost less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on a simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the gross trade receivables to determine the expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration cost in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value is written off against the associated provision.

Notes

forming part of the financial statements for the year ended 31 May 2024

2 Material accounting policies (continued)

Financial assets (continued)

Other receivables -Withholding Tax debtor

The Group recognises a withholding tax receivable in accordance with IAS 12 – Income Taxes, where the amount already paid in respect of current and prior periods exceeds the amount due for those periods. The receivable is recognised at the amount expected to be recovered from tax authorities, based on applicable tax laws and regulations. The Group reviews the recoverability of the receivable at each reporting date.

Subsequently, if the likelihood of not recovering the asset in full is probable, a provision is recognised against the amount, in line with IFRIC 23 - Uncertainty over Income Tax Treatments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on short term deposit, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Financial liabilities

The classification and measurement of financial liabilities in accordance with IFRS 9 remains largely unchanged. All financial liabilities are measured at amortised cost and include trade and other payables and bank borrowings.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

Borrowings

Borrowings, which comprise bank loans are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the arrangement of the loan facilities and revolving credit facilities are recognised as transaction costs over the life of the agreement.

Current borrowings are secured against working capital rather than being a factored agreement that relinquishes control of the assets to the bank.

Share capital

The Group's ordinary shares are classified as equity instruments.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability. Where a customer has the right to return goods the Group estimates the return rate based on past experience with similar sales and recognises revenue on this transaction with a corresponding provision against revenue for estimated returns.

Notes

forming part of the financial statements for the year ended 31 May 2024

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Key areas 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:

Recoverability of debtors

The Directors believe that the Group will recover the amounts included in the other debtors in relation to a withholding tax reclaim and monies expected from the KMR insolvency within the next year. The Directors have applied judgement in relation to their assessment of the timing and recoverability of the amounts.

Warranties on sale of subsidiary

The Directors have applied judgement and believe there will be no call on the warranties provided on the sale of Hemmers and therefore no provision has been made in these financial statements.

Investment Property

The investment property has been included in these financial statements at historic cost. The Directors consider this appropriate. The Directors have applied judgement in establishing the fair value of the property which has been outlined in Note 13.

4 Financial instruments - risk management

The Group is exposed through its operations to the following financial risks:

- **Liquidity risk**
- **Market risk** in the form of foreign exchange risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The following describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Principal financial instruments

The principal financial instruments used by the Group, giving rise to financial instrument risk, are as follows:

- Trade receivables
- Cash at bank
- Bank overdrafts
- Trade payables
- Fixed rate bank loans

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Hemmers management team and, to the limited extent that risk arises in the UK, to the Company Secretary. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Board monitors and manages the Group's net indebtedness by reference to cash flow forecasts prepared in their functional currencies by subsidiary companies. These forecasts are regularly updated, allowing the Board to ensure that the Group will always be able to meet its liabilities when they become due by maintaining adequate cash balances and committed loan facilities. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings. This is further discussed in the 'interest rate risk' section.

Notes

forming part of the financial statements for the year ended 31 May 2024

4 Financial instruments - risk management (continued)

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Cash flow interest rate risk

The Group manages its cash flow interest rate risk by borrowing at fixed interest rates wherever possible. Working capital is financed by short or medium-term bank debt at fixed rates, leaving a small residual overdraft at variable rates.

The borrowings of overseas subsidiaries are denominated in Euros, their functional currency, to avoid those subsidiaries being exposed to unnecessary foreign exchange risk. Bank borrowings or cash deposits of the Parent Company are denominated in Sterling.

(ii) Foreign exchange risk

The Group had operations located in Germany whose functional currencies were in the Euro. Foreign exchange risk arises when entities enter into transactions denominated in a currency other than their functional currency, which almost invariably involved sales or purchases denominated in US Dollars. It is Group policy that Euro/US Dollar exposures should be commercially hedged locally by entering into forward contracts with reputable banks wherever appropriate. There are no forward contracts outstanding at either year end. The properties and associated bank loans are both held in Euros and therefore there is a natural hedge.

Capital policy

The Group's capital comprises equity as shown in the Consolidated Statement of Financial Position plus net debt. The Board's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain a capital structure that optimises the cost of capital. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or reduce debts.

5 Operating loss

Operating loss is stated after charging:	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Auditor's fees		
<i>Statutory audit services</i>		
- Audit of the Parent Company and the consolidated accounts	85	88
- Audit of subsidiary companies	32	64
<i>Non-audit related services</i>	-	5
Total auditor's fees	117	157
Staff costs	3,188	5,954
Depreciation		
- Investment property	96	-
- Property, plant and equipment	402	608
- Right-of-use assets	92	103
Amortisation of trademarks	5	6
Gain/(loss) on disposal of		
- Property, plant and equipment	-	142
- Right-of-use assets	-	(3)
Other income:		
Government grants relating to Covid-19 pandemic:		
Grant received as compensation for reduced trading	-	59
Other income	-	112
Total other income	-	171

Notes

forming part of the financial statements for the year ended 31 May 2024

6 Staff costs

The average monthly number of persons employed in the year by the Group (including Directors) was as follows:

	Management	Sales and customer service	Warehousing	Administration	Group total
2024	5	20	28	20	73
2023	6	108	44	35	193

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Staff costs, including Directors, comprise		
Wages, salaries and Directors' fees	2,686	5,033
Defined contribution pension cost	2	2
Employer's national insurance contributions and similar taxes	500	919
Total staff costs	3,188	5,954

Included in employer's national insurance contributions and similar taxes are the amounts paid by Hemmers to fund employees' pension entitlements provided by the German state. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the subsidiary companies and the Group. The remuneration of key personnel are as follows:

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Salary and fees	479	644
Employer's national insurance contributions and similar taxes	38	49
Total remuneration of key management personnel	517	693

Jörg Hemmers was Managing Director of Hemmers. No recharge of his salary was made to the Parent Company. Jörg Hemmers resigned as a director of the Company effective 1 January 2023. The fees relating to Johan Claesson and Jan Holmstrom are paid, respectively, to Johan & Marianne Claesson and Somerset AB who invoice the Company for the services of these Directors. Directors' remuneration is as follows:

	Year ended 31 May 2024			Year ended 31 May 2023		
	Salary/ Fees £000	Taxes £000	Total £000	Salary/ Fees £000	Taxes £000	Total £000
Executive Directors						
Jörg Hemmers	-	-	-	134	8	142
From 1 June 2022 to 1 January 2023						
Jan G Holmstrom	50	-	50	-	-	-
From 1 June 2023 to 31 May 2024						
Non - executive Directors						
Johan Claesson	15	-	15	15	-	15
David Cooper	15	-	15	15	-	15
Jan G Holmstrom	-	-	-	25	-	25
	80	-	80	189	8	197

Outstanding share options granted to employees or Directors at 31 May 2024 were nil (2023: nil).

Notes

forming part of the financial statements for the year ended 31 May 2024

7 Discontinued operations

Year ended 31 March 2024

On 26 March 2024, the sale of Hemmers was completed. The effect of the sale is as follows:

	Hemmers balance sheet at completion date £000	Sale costs £000	IFRS adj £000	Total £000
Sale proceeds	-	501	-	501
Costs associated with the sale	-	(1,345)	-	(1,345)
Fixed assets	(873)	-	(115)	(988)
Current assets less current liabilities	(9,424)	660	-	(8,764)
Finance lease liability	-	-	117	117
Foreign currency reserve	2,133	-	-	2,133
	(8,164)	(685)	2	(8,847)
Cash	(7)	-	-	(7)
Loan	5,535	-	-	5,535
Net cash effect	5,528	-	-	5,528
(Loss)/profit on sale	(2,636)	(184)	2	(2,818)

There are no contingent warranties that need to be included in these financial statements.

As part of the sale, the properties held by Hemmers at Nordhorn in Germany were transferred to LG Nordhorn and retained within the Group as investment properties. Hemmers have entered into lease agreements to lease back the properties.

Year ended 31 March 2023

On 7 October 2022, the German Courts accepted Hemmers' management decision to place its subsidiary KMR into an insolvency process. The insolvency process is ongoing although full control passed to the insolvency administrator on 1 January 2023 and at that point KMR ceased to be a subsidiary within the Group. The gain has arisen due to the assets being transferred to the insolvency administrator and any IFRS adjustments reversed. There was no tax impact on the gain which arose on transfer.

	KMR balance sheet at insolvency date £000	IFRS adj £000	Total £000
Fixed assets	(136)	133	(3)
Current assets less current liabilities	254	(213)	41
Finance lease liability	-	1,360	1,360
Provision	-	(347)	(347)
	118	933	1,051
Cash	(1,781)	-	(1,781)
Loan	868	-	868
Net cash effect	(913)	-	(913)
(Loss)/gain on transfer	(795)	933	138

Notes

forming part of the financial statements for the year ended 31 May 2024

7 Discontinued operations (continued)

Cash flows (used in)/generated from discontinued operations

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Net cash generated from operating activities	718	2,090
Net cash (used in)/generated from investing activities	(1,466)	470
Net cash generated from/(used in) financing activities	745	(657)
Net cash flows for the year	(3)	1,903

8 Segmental information

The discontinued operations relate to the previous textile trading segment and the continuing operations relate to the investment rental operation.

The following tables set out a segmental analysis of the Group's operations.

Year ended 31 May 2024	Discontinued operations £000	Continuing operations £000	Total £000
External revenue	16,752	76	16,828
Cost of sales	(12,739)	-	(12,739)
Gross profit	4,013	76	4,089
Distribution costs	(1,127)	-	(1,127)
Admin expenses	(5,891)	(448)	(6,339)
Operating loss	(3,005)	(372)	(3,377)
Finance expense	(386)	(41)	(427)
Loss before tax	(3,391)	(413)	(3,804)
At 31 May 2024	Discontinued operations £000	Continuing operations £000	Total £000
Total assets	-	6,347	6,347
Total liabilities	-	(1,999)	(1,999)
Total net assets	-	4,348	4,348

Notes

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8 Segmental information (continued)

Year ended 31 May 2023	Discontinued operations £000	Continuing operations £000	Total £000
External revenue	27,817	-	27,817
Cost of sales	(22,383)	-	(22,383)
Gross profit	5,434	-	5,434
Distribution costs	(2,203)	-	(2,203)
Admin expenses	(3,682)	(229)	(3,911)
Other income	171	-	171
Operating loss	(280)	(229)	(509)
Finance expense	(384)	-	(384)
Loss before tax	(664)	(229)	(893)
At 31 May 2023	Discontinued operations £000	Continuing operations £000	Total £000
Total assets	12,860	5,531	18,391
Total liabilities	(7,852)	(100)	(7,952)
Total net assets	5,008	5,431	10,439

Disaggregation of revenue is shown by destination as follows:

	Discontinued operations £000	31 May 2024 Continuing operations £000	Total £000	Discontinued operations £000	31 May 2023 Continuing operations £000	Total £000
Germany	8,835	76	8,911	17,462	-	17,462
Austria	900	-	900	1,128	-	1,128
France	868	-	868	1,130	-	1,130
Holland	741	-	741	1,052	-	1,052
Rest of EU	3,333	-	3,333	4,206	-	4,206
Total EU	14,677	76	14,753	24,978	-	24,978
Switzerland	1,178	-	1,178	1,524	-	1,524
UK	641	-	641	750	-	750
Rest of Europe	202	-	202	416	-	416
Total Europe	2,021	-	2,020	27,668	-	27,668
Asia	46	-	46	15	-	15
North America	5	-	5	62	-	62
Oceania	3	-	3	72	-	72
Total revenue	16,752	76	16,828	27,817	-	27,817

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forming part of the financial statements for the year ended 31 May 2024

9 Interest payable and similar charges

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Finance expense		
Interest paid on lease liabilities	6	37
Interest paid on bank overdrafts and loans	385	347
Interest paid on other loans	36	-
Finance expense recognised in comprehensive income	427	384

10 Tax (charge)/credit

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Current tax (charge)/credit		
Withholding tax	(138)	-
Tax of overseas operations on losses for the year	-	53
Total tax (charge)/credit	(138)	53

The Group has UK capital losses carried forward of £13.3m and unrelieved UK trading losses of £0.4m. No recognition has been made of deferred tax assets in respect of these losses carried forward as the Directors believe it unlikely that there will be sufficient profits to reverse these differences in the foreseeable future.

The reasons for the difference between the actual tax credit for the year and the standard rate of corporation tax in the UK applied to the profit for the year are as follows:

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Loss before taxation from all operations	(3,804)	(893)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2023:19%)	723	170
Withholding tax	(138)	-
Expenses not deductible for tax purposes	(906)	(459)
Income adjustments not subject to tax	1,107	346
Movements in deferred tax not recognised	(494)	-
Capital loss exempt from tax	(430)	(4)
Total tax (charge)/credit	(138)	53

11 Loss per share and Net asset per share

	Year ended 31 May 2024		
Loss per share	Discontinued operations	Continuing operations	Total
Numerator			
Total loss for the year	£3,529,000	£413,000	£3,942,000
Denominator			
Weighted average number of shares	27,320,843	27,320,843	27,320,843
Basic and diluted loss per share	12.9p	1.5p	14.4p

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forming part of the financial statements for the year ended 31 May 2024

11 Loss per share and Net asset per share (continued)

Loss per share	Year ended 31 May 2023		
	Discontinued operations	Continuing operations	Total
Numerator			
Total loss for the year	£611,000	£229,000	£840,000
Denominator			
Weighted average number of shares	27,320,843	27,320,843	27,320,843
Basic and diluted loss per share	2.2p	0.8p	3.1p

Since there are no outstanding share options, there is no difference between basic and diluted earnings per share.

Net assets per share	Year ended 31 May 2024	Year ended 31 May 2023
Numerator		
Net assets	£4,348,000	£10,439,000
Denominator		
Number of shares	27,320,843	27,320,843
Net assets per share	15.9p	38.2p

12 Dividend

The Directors have not proposed a dividend in respect of the year ended 31 May 2024 or 31 May 2023.

13 Investment property

Freehold land and buildings	£000
Cost	
Transfer from property, plant and equipment (notes 7 and 14)	7,330
Effect of movements in foreign exchange rates	(69)
Balance at 31 May 2024	7,261
Accumulated depreciation	
Transfer from property, plant and equipment (note 14)	2,141
For the year	96
Effect of movements in foreign exchange rates	(21)
Balance at 31 May 2024	2,216
Net book amount	
At 31 May 2024	5,045

The fair value of the investment property was determined to be £6m. The fair value is based on a valuation undertaken by Commerzbank as part of their real estate appraisal as at 1 June 2023 based on a new build cost, having the appropriate qualifications and experience in the location and category of property being valued and then discounted by Directors based on the economic conditions in Germany and the current condition of the properties.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique, being an income method.

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forming part of the financial statements for the year ended 31 May 2024

14 Property, plant and equipment

	Freehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
Balance at 31 May 2022	7,981	4,159	12,140
Additions	3	48	51
Reclassification	(272)	272	-
Disposals	(420)	(833)	(1,253)
Effect of movements in foreign exchange rates	94	54	148
Balance at 31 May 2023	7,386	3,700	11,086
Additions	7	15	22
Disposals	-	(86)	(86)
Transfer to investment property (note 13)	(7,330)	-	(7,330)
Sale of subsidiary	(65)	(3,620)	(3,685)
Effect of movements in foreign exchange rates	2	(9)	(7)
Balance at 31 May 2024	-	-	-
Accumulated depreciation			
Balance at 31 May 2022	2,110	2,695	4,805
Depreciation charge for the year	225	383	608
Reclassification	(227)	227	-
Disposals	(38)	(833)	(871)
Effect of movements in foreign exchange rates	25	32	57
Balance at 31 May 2023	2,095	2,504	4,599
Depreciation charge for the year	110	292	402
Transfer to investment property (note 13)	(2,141)	-	(2,141)
Sale of subsidiary	(65)	(2,788)	(2,853)
Effect of movements in foreign exchange rates	1	(8)	(7)
Balance at 31 May 2024	-	-	-
Net book amount			
At 31 May 2022	5,871	1,464	7,335
At 31 May 2023	5,291	1,196	6,487
At 31 May 2024	-	-	-

Notes

forming part of the financial statements for the year ended 31 May 2024

15 Right-of-use assets

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
Balance at 31 May 2022	4,269	380	4,649
Additions	-	142	142
Disposals	(4,358)	(200)	(4,558)
Effect of movements in foreign exchange rates	89	4	93
Balance at 31 May 2023	-	326	326
Additions	-	-	-
Disposals	-	(91)	(91)
Disposal of subsidiary	-	(236)	(236)
Effect of movements in foreign exchange rates	-	1	1
Balance at 31 May 2024	-	-	-
Accumulated depreciation			
Balance at 31 May 2022	4,269	210	4,479
Depreciation charge for the year	-	103	103
Disposals	(4,358)	(197)	(4,555)
Effect of movements in foreign exchange rates	89	3	92
Balance at 31 May 2023	-	119	119
Depreciation charge for the year	-	92	92
Disposals	-	(91)	(91)
Disposal of subsidiary	-	(121)	(121)
Effect of movements in foreign exchange rates	-	1	1
Balance at 31 May 2024	-	-	-
Net book amount			
At 31 May 2022	-	170	170
At 31 May 2023	-	207	207
At 31 May 2024	-	-	-

16 Intangible assets

	Trademarks £000
Balance at 31 May 2022	52
Amortisation	(6)
Balance at 31 May 2023	46
Amortisation	(5)
Disposal of subsidiary	(41)
Balance at 31 May 2024	-

Notes

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17 Subsidiaries

The wholly owned subsidiaries of Leeds Group which have been included in these consolidated statements, are as follows:

Name	Country of incorporation	Nature of business
*LG Nordhorn	Germany	Real Estate
*Hemmers	Germany	Import, sale, and distribution of textiles - Discontinued operation in 2024
**KMR	Germany	Retail trading- Discontinued operation in 2023

* Wholly owned subsidiaries of Leeds Group.

** Wholly owned subsidiaries of Hemmers.

The registered addresses of these subsidiaries are shown on page 1.

18 Inventories

	31 May 2024 £000	31 May 2023 £000
Total gross value of goods and goods for resale	-	8,908
Less provision	-	(690)
Finished goods and goods for resale	-	8,218

The amount of inventories recognised as an expense during the year was £10,453,000 (2023: £16,293,000).

19 Trade and other receivables

	31 May 2024 £000	31 May 2023 £000
Trade receivables (note 24)	-	2,424
Other receivables	693	608
Prepayments	17	167
Total trade and other receivables	710	3,199

All amounts are anticipated to be receivable in the short term. The carrying value of trade and other receivables is considered to be a reasonable approximation of fair value. Trade receivables at 31 May 2023 were stated net of a provision of £159,000. See Note 24 for further details.

	31 May 2024 £000	31 May 2023 £000
Other receivables	548	-
Other receivables	548	-

Other receivables comprise the expected German withholding tax refund of £548,000.

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20 Cash on demand or on short term deposit

	31 May 2024 £000	31 May 2023 £000
Total cash on demand or on short term deposit	44	234

Cash held by the Parent Company is deposited with Bank of Scotland, earning interest at variable rates. In the opinion of the Directors, the carrying value of cash and cash equivalents approximates to its fair value.

21 Trade and other payables

	31 May 2024 £000	31 May 2023 £000
Trade payables	84	753
Accruals	105	379
Other tax and social security taxes	3	38
Other payables	103	183
Total trade and other payables	295	1,353

All amounts are anticipated to be payable in the short term. The carrying values are considered to be a reasonable approximation of fair value.

22 Borrowings

The book value of loans and borrowings are as follows:

	31 May 2024 £000	31 May 2023 £000
Current		
Secured bank loans	821	5,502
Non - current		
Secured bank loans	883	544
Total loans and borrowings	1,704	6,046

The carrying values are considered to be a reasonable approximation of fair value.

Current loans and borrowings

At 31 May 2024, current loans and borrowings of £821,000 (2023: £5,502,000) comprise short term loans of £682,000 (2023: £5,201,000) and instalments due on long term loans of £139,000 (2023: £301,000). The interest rate on the short-term loan is 5.93% (2023: 1.5% to 3%) and the loan is secured on properties at Nordhorn, Germany as are the long-term loans. The short-term loan is repayable by 28 February 2025.

Non-current loans and borrowings

The Group's loans and borrowings are denominated in Euros, and their principal terms were as follows:

	Fixed Interest rate	Repayment profile	Final repayment date	31 May 2024 £000	31 May 2023 £000
Loan 1	1.65%	Equal quarterly instalments	September 2025	-	358
Loan 2	1.05%	Equal quarterly instalments	March 2026	-	186
Loan 3	4.10%	Equal quarterly instalments from 15 December 2025	August 2028	883	-
Non-current loans				883	544

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22 Borrowings (continued)

Non-current loans and borrowings

The changes in liabilities arising from financing activities were:

	31 May 2024 £000	31 May 2023 £000
At the start of the year	6,046	6,507
<i>Cash items</i>		
Borrowings drawn	1,720	633
Borrowings repaid	(497)	(304)
Borrowings per disposal	(5,535)	(868)
Effect of movements in foreign exchange rates	(30)	78
At the end of the year	1,704	6,046

The changes in lease liabilities are shown in note 23.

23 Lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The lease liability is calculated as the present value of payments over the lease term, discounted at an incremental borrowing rate to the Group. The Group has applied a practical expedient to apply a single discount rate to a portfolio of leases of similar characteristics. The incremental borrowing rate is determined by utilising existing facility agreements and the historic ability of the Group to lend against a portfolio of assets of similar security to the portfolio of leases.

Payments made under these leases are charged to profit and loss on a straight-line basis over the lease term.

The lease liabilities recognised in the 2023 financial statements included 17 motor vehicle leases, all of which were subject to fixed payments. During the year, 6 car leases were terminated. The lease liabilities were included in the sale of Hemmers (note 7).

The book value of lease liabilities are as follows:

	31 May 2024 £000	31 May 2023 £000
Current		
Secured lease liabilities	-	97
Non - current		
Secured lease liabilities	-	112
Total lease liabilities	-	209

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23 Lease liabilities (continued)

At 31 May 2024, the lease liabilities are shown as follows:

	31 May 2024 £000	31 May 2023 £000
Up to 1 year	-	97
Between 1 and 2 years	-	81
Between 2 and 5 years	-	31
Over 5 years	-	-
	-	209

The movement in the lease liability is as follows:

	Motor vehicles £000
At the start of the year	209
Interest expenses (note 9)	6
Lease payments	(98)
Leases per disposal (note 7)	(117)
At the end of the year	-

24 Financial instruments

The financial assets of the Group are categorised as follows:

	31 May 2024 £000	31 May 2023 £000
At amortised cost		
Trade receivables	-	2,424
Other receivables	1,241	608
Cash and cash equivalents	44	234
	1,285	3,266

The financial liabilities of the Group are categorised as follows:

	31 May 2024 £000	31 May 2023 £000
At amortised cost		
Trade payables	84	753
Accruals	105	379
Other payables	103	183
Current bank borrowings	821	5,502
Non-current bank borrowings	883	544
Current lease liabilities	-	97
Non-current lease liabilities	-	112
	1,993	7,570

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24 Financial instruments (continued)

Financial risk management

Overview

The Group has been exposed through its operations to the following financial risks:

- **Credit risk**
- **Market risk** in the form of foreign exchange risk
- **Liquidity risk**

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The Group's risk management is coordinated by the Directors who focus on securing the Group's short to medium-term cash flow through regular review of all the operating activities of each of the businesses.

The most significant financial risks to which the Group is exposed are described as follows:

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date as follows:

	31 May 2024 £000	31 May 2023 £000
Trade receivables	-	2,424
Other receivables	660	-
Trade receivables	660	2,424

Other receivables relate to the expected monies to be received from the KMR Insolvency. No impairment has been recognised as the balance is deemed recoverable.

The Group has in the past adopted the IFRS 9 simplified approach to measuring expected credit losses in relation to trade receivables using expected loss rates and a provision matrix. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables adjusted for forward looking estimates.

At 31 May 2023, £519,000 of the Group's trade receivables were past due. An expected loss provision of £159,000 was held to mitigate the exposure to bad and doubtful debts. The ageing of the Group's trade receivables was as follows:

	31 May 2024 £000	31 May 2023 £000
Overdue up to 3 months	-	410
Overdue by 3 to 6 months	-	3
Overdue by 6 to 12 months	-	-
Overdue by more than 12 months	-	106
Total past due trade receivables	-	519
Total receivables not yet past due	-	2,064
Total gross receivables	-	2,583
Expected credit loss	-	(159)
Total trade receivables (note 19)	-	2,424

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24 Financial instruments (continued)

Credit risk (continued)

The ageing profile above was the profile used by management to review debts however it is the expected credit loss model which was used to calculate the provision. The expected loss provision for trade receivables as at 31 May 2023 was as follows:

As at 31 May 2023	Not due	Overdue up to 3 months	Overdue by 3 to 6 months	Overdue by 6 to 12 months	Overdue by more than 12 months	Total £000
Expected loss rate	0%	12%	100%	100%	100%	
Gross carrying amount	2,064	410	3	-	106	2,583
Loss provision	-	(50)	(3)	-	(106)	(159)
Net carrying value	2,064	360	-	-	-	2,424

A large proportion of the debts were covered by debt insurance.

A reconciliation of the movement in the impairment loss for trade receivables is shown below:

	31 May 2024 £000	31 May 2023 £000
Expected credit loss provision at start of period	159	139
Amount charged	26	34
Amount utilised	(46)	(15)
Provision per disposal	(140)	-
Effect of movements in foreign exchange rates	1	1
Expected credit loss provision at end of period	-	159

Foreign currency risk

The carrying values of the Group's trade and other receivables are denominated in the following currencies:

	31 May 2024 £000	31 May 2023 £000
Euro	33	3,180
US Dollar	-	3
Sterling	1,225	16
Total trade and other receivables	1,258	3,199

The carrying values of the Group's trade and other payables are denominated in the following currencies:

	31 May 2024 £000	31 May 2023 £000
Euro	23	1,253
US Dollar	-	-
Sterling	272	100
Total trade and other payables	295	1,353

All the Group's external loans are denominated in Euros.

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24 Financial instruments (continued)

Liquidity risk

The Group manages its liquidity needs very carefully on a short and medium terms basis. Longer term needs are monitored as part of the Group's budgetary process.

The Group's financial liabilities have contractual maturities which are summarised below:

	As at 31 May 2024				As at 31 May 2023			
	Amounts due in				Amount due in			
	Less than 1 year £000	2 to 5 years £000	After 5 years £000	Total £000	Less than 1 year £000	2 to 5 years £000	After 5 years £000	Total £000
Trade payables	84	-	-	84	753	-	-	753
Accruals	105	-	-	105	379	-	-	379
Other payables	103	-	-	103	183	-	-	183
Current bank borrowings	821	-	-	821	5,502	-	-	5,502
Non-current bank borrowings	-	883	-	883	-	544	-	544
Current lease liabilities	-	-	-	-	97	-	-	97
Non - current lease liabilities	-	-	-	-	-	112	-	112
Net carrying value	1,113	883	-	1,996	6,914	656	-	7,570

25 Provisions

	£000
Provision as at 31 May 2023	344
Amount released	(344)
Provision as at 31 May 2024	-

A provision was made in 2023 amounting to £344,000 relating to a guarantee made by Hemmers to KSK Bank in relation to a loan due from KMR. As part of the sale of Hemmers, the full amount of the loan due from KMR was repaid to KSK Bank and, therefore, the provision has been released.

26 Share capital

Issued and fully paid	2024 Number	2024 £000	2023 Number	2023 £000
At beginning and end of period	27,320,843	3,279	27,320,843	3,279

At 31 May 2024, no options over ordinary shares of the Company were outstanding (2023: nil).

There are no rights, preferences or restrictions attached to the ordinary shares.

The total number of shares purchased and cancelled is 9,277,760 shares and the nominal value of those shares is £1,113,331. This is shown in the consolidated statement of financial position as a capital redemption reserve, a component of equity.

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forming part of the financial statements for the year ended 31 May 2024

27 Related party transactions

A company controlled by Mr Gyllenhammer (major shareholder), Bronsstadet AB provided a bridge financing loan to the Company €1m (£858k) on 8 March 2024 to assist with funding costs associated with the sale of Hemmers. The loan was fully repaid on 22 March 2024, together with interest of €21k (£18k). Interest was charged at 8% pa.

A company controlled by Mr Cleasson (director and major shareholder), CA Fastfighter AB provided a bridge financing loan to the Company €1m (£858k) on 8 March 2024 to assist with funding costs associated with the sale of Hemmers. The loan was partly repaid €900k (£772k) on 22 March 2024. As at 31 May 2024, there was a loan of £85,176 and accrued interest of £18,076 due. Interest was charged at 8% pa.

Key management personnel are remunerated via third parties as disclosed in Note 6.

28 Commitments

At 31 May 2024, there were no capital commitments authorised and committed (2023: *£nil*). There were no amounts authorised but not committed (2023: *£nil*).

29 Post balance sheet events

Following the sale of Hemmers, Leeds Group was considered to be an AIM Rule 15 cash shell as it no longer had any substantial trading activities. Under the AIM Rules, the Company had six months from the date of sale to either make an acquisition, which would constitute a reverse takeover under Rule 14 of the AIM Rules or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which its shares would then be suspended from trading on AIM pursuant to Rule 40 of the AIM Rules. The Company has not been able to meet these requirements and therefore, the Company's shares were suspended from trading on the AIM market on 30 September 2024. Once suspended, the Company's shares cannot be traded. The Company's shares will be automatically cancelled from admission to the AIM market six months from the date of suspension, should the reason for the suspension not have been rectified.

Company Statement of Financial Position at 31 May 2024

Prepared under FRS 101 "Reduced Disclosure Framework"

Company number 00067863

	Note	31 May 2024 £000	31 May 2023 £000
Assets			
<i>Non-current assets</i>			
Investments in subsidiary undertakings	4	22	3,350
Amounts receivable from subsidiary undertakings	5	3,767	2,579
Total non-current assets		3,789	5,929
<i>Current assets</i>			
Trade and other receivables	6	1,224	16
Cash at bank and in hand		40	224
		1,264	240
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	7	(271)	(100)
Total current assets		993	140
TOTAL NET ASSETS		4,782	6,069
<i>Capital and reserves</i>			
Share capital	8	3,279	3,279
Capital redemption reserve		1,113	1,113
Retained earnings		390	1,677
TOTAL EQUITY		4,782	6,069

The loss of the Company for the year was £1,287,000 (2023: loss £21,000).

The financial statements on pages 53 to 54 were approved and authorised for issue by the Board of Directors on 21 October 2024 and were signed on behalf of the Board by: -

Jan G Holmstrom
Non-Executive Chairman

The notes on pages 55 to 57 form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 May 2024

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 31 May 2022	3,279	1,113	1,698	6,090
Loss for the year	-	-	(21)	(21)
At 31 May 2023	3,279	1,113	1,677	6,069
Loss for the year	-	-	(1,287)	(1,287)
At 31 May 2024	3,279	1,113	390	4,782

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	The nominal value of issued ordinary shares in the Company.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Retained earnings	Cumulative net gains/(losses) recognised in the Company's statement of comprehensive income after deducting the cost of cancelled treasury shares.

The notes on pages 55 to 57 form part of these financial statements.

Notes

forming part of the financial statements of the Company for the year ended 31 May 2024

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with FRS 100 and FRS 101, and the Company takes advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below.

- a statement of profit and loss;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- certain disclosures regarding the Company's capital;
- certain disclosures regarding financial instruments; and
- disclosure of related party transactions with other wholly owned members of Leeds Group.

Investments

Investments in subsidiary undertakings are stated at cost less any impairment for permanent diminution in value.

Impairment of intercompany receivables

At each financial year end, the Company assesses whether there is an indication that its assets have been impaired. If there is an indication that its assets have been impaired, the recoverable amount is assessed to determine the extent of the impairment. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which it relates is determined. The recoverable amount is defined as the higher of the fair value less costs to sell and value in use at that date. Value in use is calculated as the expected future cash flows discounted on a pre-tax basis, using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to that assets or cash generating unit. If the recoverable amount of the asset is less than the carrying value, the carrying value is reduced to its recoverable amount, that reduction is recognised as an impairment loss. An impairment loss relating to an asset carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. If an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised recoverable amount but limited to the carrying value that would have been determined had no impairment been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial assets and liabilities

IFRS 9 'Financial Instruments' outlines the principles an entity must apply to measure and recognise financial assets and liabilities. The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the settlement date.

Financial assets

Financial assets that are held to collect are categorised as amortised cost under IFRS 9. This includes the Group's trade and other receivables and cash and cash equivalents. The measurement of these financial assets held at amortised cost remains unchanged since the introduction of IFRS 9.

Amounts receivable from subsidiary undertakings

Amounts receivable from subsidiary undertakings are initially measured at fair value and subsequently measured at amortised cost. Impairment provisions are recognised based on the general approach within IFRS 9, which requires an assessment of whether there has been a significant increase in credit risk since initial recognition of the facility. The requirement for a provision is assessed based on 12-month expected credit losses, or lifetime credit losses, as appropriate.

Trade and other receivables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on short term deposit, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Notes

forming part of the financial statements of the Company for the year ended 31 May 2024

1 Accounting policies (continued)

Financial liabilities

The classification and measurement of financial liabilities in accordance with IFRS 9 remains largely unchanged. All financial liabilities are measured at amortised cost and include trade and other payables and bank borrowings.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

Foreign Currency

The financial statements are presented in UK pounds sterling, which is the Company's functional currency. Transactions entered into by the Company in a currency other than sterling are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income.

Dividends

Interim dividends are recognised when paid and final dividends are recognised when approved by the shareholders at the AGM.

2 Statement of comprehensive income

A separate statement of comprehensive income for the Company is not presented, in accordance with Section 408 of the Companies Act 2006. The loss for the year for the Company dealt with in the consolidated financial statements of the Company was £1,287,000 (2023: loss £21,000).

The remuneration of the Auditors is disclosed in note 5 to the consolidated financial statements.

3 Staff costs

The average number of persons employed in the year by the Company (including Directors) was 4 (2023: 4).

Staff costs, including Directors, comprise	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Wages and salaries	122	91
Defined contribution pension cost	2	2
Total staff costs	124	93

The remuneration of the Directors is disclosed in note 6 to the consolidated financial statements. Outstanding share options granted to employees or Directors at 31 May 2024 were nil (2023: nil).

4 Investments in subsidiary undertakings

	Cost and Carrying value £000
At 31 May 2023	3,350
Disposal of subsidiary	(3,350)
Investment in subsidiary	22
At 31 May 2024	22

Details of subsidiary undertakings are given on the Group Information page 1 and in note 17 to the consolidated financial statements.

Notes

forming part of the financial statements of the Company for the year ended 31 May 2024

5 Amounts receivable from subsidiary undertakings

The amounts receivable from subsidiary undertaking relates to loans provided to the subsidiary undertaking as follows:

	Fixed Interest Rate	Repayment Profile	31 May 2024 £000	31 May 2023 £000
Loan 1	8%	Repayable on demand	-	2,579
Loan 2	8%	Repayable on demand	3,767	-
			3,767	2,579

Loan 1 was repaid by Hemmers as part of its sale and the transfer of the properties to LG Nordhorn. Loan 2 has been provided to LG Nordhorn to finance the property transfer. Although these balances are repayable on demand, the expectation of recoverability of these balances is in nature and substance more of a longer-term funding arrangement, in which the Company does not require payment immediately. As such, this is presented as a non-current asset. No impairment loss was recognised in the year in respect of amounts receivable from subsidiary undertakings (2023: £nil).

6 Other receivables

	31 May 2024 £000	31 May 2023 £000
Prepayments	16	16
Other debtors	1,208	-
Total other receivables	1,224	16

7 Trade and other payables

	31 May 2024 £000	31 May 2023 £000
Trade creditors	65	-
Accruals and deferred income	103	100
Other creditors	103	-
Total trade and other payables	271	100

8 Share capital

Issued and fully paid	2024 Number	2024 £000	2023 Number	2023 £000
At beginning and end of period	27,320,843	3,279	27,320,843	3,279

At 31 May 2024, no options over ordinary shares of the Company were outstanding (2023: £nil). Details of the purchases and cancellation of the shares held in treasury are disclosed in note 26 to the consolidated financial statements.

9 Commitments

There were no contracted capital commitments for the Company in either period.

10 Post balance sheet events

See note 29 in the consolidated financial statements.

End of the financial statements.

Appendix 1 - Five Year Summary of Results and Capital Employed

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000	Year ended 31 May 2022 £000	Year ended 31 May 2021 £000	Year ended 31 May 2020 £000
Results					
Revenue	16,828	27,817	29,590	33,013	35,555
Cost of sales	(12,739)	(22,383)	(24,121)	(26,700)	(29,623)
Gross profit	4,089	5,434	5,469	6,313	5,932
Operating expenses	(7,466)	(6,114)	(6,944)	(7,226)	(8,020)
Other income	-	171	147	966	-
(Loss)/profit from operations (excluding impairment of goodwill and assets)	(3,377)	(509)	(1,328)	53	(2,088)
Finance expense	(427)	(384)	(255)	(228)	(260)
Impairment of assets	-	-	(1,662)	(333)	-
Loss before tax	(3,804)	(893)	(3,245)	(508)	(2,348)
Tax (charge)/credit	(138)	53	(4)	42	(6)
Loss after tax	(3,942)	(840)	(3,249)	(466)	(2,354)
Assets					
Non-current assets	5,045	6,740	7,557	10,261	10,624
Current assets	1,302	11,651	15,342	13,960	14,962
Total assets	6,347	18,391	22,899	24,221	25,586
Non-current liabilities	(883)	(656)	(2,001)	(3,354)	(3,428)
Current liabilities	(1,116)	(7,296)	(9,721)	(6,306)	(6,575)
Total liabilities	(1,999)	(7,952)	(11,722)	(9,660)	(10,003)
Total net assets	4,348	10,439	11,177	14,561	15,583
Financed by					
Total equity	4,348	10,439	11,177	14,561	15,583
Key Statistics					
Basic and diluted loss per share	(14.4p)	(3.1p)	(11.9p)	(1.7p)	(8.6p)
Net assets per share	15.9p	38.2p	40.9p	53.3p	57.0p

Notice of Annual General Meeting

The one hundred and twenty fourth annual general meeting of the Leeds Group plc (the "**Company**") will be held at 11.30am on 20 November 2024 at the Radisson Blu Hotel, Chicago Avenue, Manchester Airport, M30 3RA for the following purposes:

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the report of the Directors, the financial statements for the year ended 31 May 2024 and the report of the auditors thereon.
2. To re-appoint Mr Johan Claesson as a director.
3. To re-appoint MHA as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which the financial statements are laid before the Company.
4. To authorise the Directors to fix the auditor's remuneration.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution:

5. That, the Directors of the Company ("**Directors**") be and hereby are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £1,093,000 (being approximately one third of the existing issued share capital of the Company). The authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution (whichever shall first occur), except that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry, and the Directors may allot shares and grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities granted to the Directors to allot shares and grant Rights, but without prejudice to the allotment of shares or grant of Rights already made or to be made pursuant to such authorities.
6. That, subject to the passing of resolution 5, the Directors of the Company ("**Directors**") be and hereby are empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "**Act**") to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred by resolution 6 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - 6.1 in connection with an offer of such securities by way of a rights issue, open offer or other pre-emptive issue or offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any recognised regulatory body or stock exchange in any territory or any other matter whatever; and
 - 6.2 otherwise than pursuant to sub-paragraph 6.1, up to an aggregate nominal amount of £164,000 (being approximately 5 per cent. of the existing issued share capital of the Company).

The powers conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution (whichever shall first occur), except that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of Annual General Meeting (continued)

Special business (continued)

For the purpose of this resolution 6:

- a) references to an "**allotment of equity securities**" shall include a sale of treasury shares; and
- b) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Craven House
14-18 York Road
Wetherby
Leeds
LS22 6SL

By Order of the Board

21 October 2024

Dawn Henderson
Company Secretary

Notes

1. Shareholders of the Company are entitled to attend, speak and vote, either in person or by proxy, at general meetings of the Company.

This the formal notification to members of the annual general meeting, its date and time, and the matters to be considered. If you are in doubt as to what action to take you should consult an independent adviser.

Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions. A simple majority (being more than 50 per cent.) of votes cast must be in favour of each such resolution in order for it to be passed. Resolution 6 will be proposed as a special resolution. A special resolution requires 75 per cent. or more of votes cast to be in favour of the resolution in order for it to be passed. Resolutions 5 and 6 are items of special business.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders registered in the register of members of the Company at close of business on 18 November 2024 as holders of ordinary shares of 12p each in the capital of the Company shall be entitled to vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members of the Company after that time shall be disregarded in determining the rights of any person to vote at the meeting.
3. A member entitled to vote may appoint a proxy to attend, speak and to vote in his or her stead. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company but will need to participate in the annual general meeting in order to represent the member.

Notice of Annual General Meeting (continued)

Notes (continued)

4. A member can vote by logging on to <https://investorcentre.linkgroup.co.uk/Login/Login> and following the instructions; in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 6; in case of institutional investors, by using the Proximity platform in accordance with the procedures set out in note 7 or by requesting a hard copy form of proxy directly from the registrars, Link Group on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Or email Link Group at shareholderenquiries@linkgroup.co.uk.
5. To submit a proxy electronically using the link <https://investorcentre.linkgroup.co.uk/Login/Login> you will need to log into your Link Investor Centre account or register if you have not previously done so. To register you will need your Investor Code which is detailed on your share certificate. need help with voting online, please contact our Registrar, Link Group. Link Investor Centre is a free app for smartphone and tablet provided by Link Group (the company's registrar) It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.



6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting (and any adjournment of it) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ("**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's ("**Euroclear**") specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by 11.30am on 18 November 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Notice of Annual General Meeting (continued)

Notes (continued)

7. Proxymity Voting - if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.30am on 18 November 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

8. In the case of joint holders, where more than one of the joint holders' purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

To be valid, the form of proxy and any power of attorney or the authority under which it is signed (or a notarial certified copy of it) must be completed and submitted electronically using the Link Investor Centre; CREST system; Proxymity; or lodged at the Registrars of the Company, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL not later than 11.30am on 18 November 2024.

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see note 8 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using a hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Link Group at Central Square, PXS 1, 29 Wellington Street, Leeds, LS1 4DL no later than 11.30am on 18 November 2024. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 8 above, your proxy appointment will remain valid.
11. As at 21 October 2024 (being the last practicable business day prior to the publication of this notice) the Company's issued share capital consisted of 27,320,843 ordinary shares of 12 pence each, with one voting right per share.

A member may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this notice of meeting (or in any related or accompanying document, including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Explanation of resolutions

Resolution number 1

The Directors must present to shareholders the report of the Directors and the financial statements for the year ended 31 May 2024. That report and those financial statements, and the report of the Company's auditors on those financial statements, are set out on pages 1 to 57 of this document.

Resolution numbers 2

At each annual general meeting, one third of the Directors of the Company for the time being (other than those appointed since the last annual general meeting) are required to retire. If the number of relevant Directors is not a multiple of three, the number nearest to but not less than one third of the Directors are required to retire. Any retiring director is eligible for re-appointment. At this annual general meeting, Mr Johan Claesson is the Director subject to retirement by rotation. Resolutions 2 propose the re-appointment of Mr Claesson.

Resolution number 3

The auditors of the Company must be re-appointed at each meeting at which the financial statements are presented. Resolution 3 proposes the re-appointment of MHA following their appointment during the year by the Directors, they have indicated their willingness to be so re-appointed.

Resolution number 4

Resolution 4 follows past practice in giving the Directors authority to agree the auditor's remuneration.

Resolution number 5

The Directors are seeking authority to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £1,093,000 being an amount representing approximately 33 per cent of the Company's current issued share capital (excluding treasury shares). It is not the Directors' current intention to allot shares or to grant Rights pursuant to this resolution. This authority expires at the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the resolution, whichever is the earlier and is in substitution for, all existing like authorities.

Resolution number 6

This resolution disapplies the statutory pre-emption rights which would otherwise apply on an issue of shares for cash and is limited to allotments in connection with a rights issue or other pre-emptive offer where the securities attributable to the interests of all shareholders are proportionate (as nearly as may be) to the number of shares held and otherwise up to a further nominal amount of £164,000, being approximately 5 per cent of the Company's current issued share capital (including treasury shares). This disapplication of the statutory pre-emption rights expires at the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the resolution, whichever is the earlier. This authority also covers the sale of treasury shares for cash.

It is the Company's intention to adhere to the provisions in the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a three-year rolling period where the principles provide that usage in excess of 7.5 per cent should not take place without prior consultation with shareholders.



LEEDS

GROUP PLC

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Registered Number 00067863

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