

LG Energy Group Ltd

trading as LG Energy Group Limited
Annual Report and Financial Statements
for the Year Ended 31 March 2021

Beckett Rawcliffe Limited
Chartered Accountants and Registered Auditors
Unit 17, Beckett House
Sovereign Court
Wyrefields
Poulton Le Fylde
Lancashire
FY6 8JX

LG Energy Group Ltd
trading as LG Energy Group Limited

Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u>
Directors' Report	<u>3 to 4</u>
Statement of Directors' Responsibilities	<u>5</u>
Independent Auditor's Report	<u>6 to 9</u>
Profit and Loss Account	<u>10</u>
Statement of Comprehensive Income	<u>11</u>
Balance Sheet	<u>12</u>
Statement of Changes in Equity	<u>13</u>
Notes to the Financial Statements	<u>14 to 25</u>

LG Energy Group Ltd
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Company Information

Directors	Mrs Linda Rigby Mr S M Asif H Rizvi Mr Thomas Adam Flack Miss Victoria Jayne Rigby
Registered office	4 Croft Court Whitehills Business Park Blackpool Lancashire FY4 5PR
Auditors	Beckett Rawcliffe Limited Chartered Accountants and Registered Auditors Unit 17, Beckett House Sovereign Court Wyrefields Poulton Le Fylde Lancashire FY6 8JX

LG Energy Group Ltd
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Strategic Report for the Year Ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the company is energy procurement and consultancy services.

Fair review of the business

The company was significantly impacted upon by reduced commissions as a result of COVID as detailed later in the report. Turnover reduced by 27% in LG Energy Group. This could not be recovered through cost savings as the demands of the business to service its customer base increased as a result of COVID.

The directors are confident of the ongoing performance of the company and are expecting a recovery in the 2021-22 year, although this is not forecast to be back to 2019-20 levels. We expect to return to and exceed those levels in 2022-23. Typically energy contracts are sold for a period of between two and three years and therefore the impact of reduced new business sales in one year will be incurred over the subsequent two to three years.

Impact of Brexit related risks

The impact of Brexit on the company and only so far as customer consumption reducing following their relocation of premises or operations or in some cases the dissolution of companies is concerned. The directors believe the impact of this has already been felt and we are through the risk.

Impact from the risks related to the Covid-19 pandemic

The impact of COVID has been more profound on the company. This has been twofold; firstly, clients reduced consumption and therefore our commission due to the various lockdowns and secondly the impact on new business sales which has been significant. The directors are confident that there is sufficient cashflow in the business for this not to present a going concern issue.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2021	2020
Sales	GBP	3,546,063	4,486,360
Profit before tax	GBP	317,176	939,077
Equity	GBP	1,376,920	986,043

Principal risks and uncertainties

Impact of Energy Prices

The impact of the current climate in relation to energy prices does not have a direct impact on the company as it does not trade speculatively on energy prices nor take title of any supply. The potential impact on the company is indirect as a result of its client ceasing to trade as a result of becoming insolvent or being unable to meet credit requirements of energy suppliers required to enter into the type of contracts we provide.

Approved by the Board on 8 July 2022 and signed on its behalf by:

.....
Mr S M Asif H Rizvi
Director

LG Energy Group Ltd
trading as LG Energy Group Limited

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors of the company

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

Mrs Linda Rigby (appointed 18 March 2021)

Mr S M Asif H Rizvi

Mr Thomas Adam Flack

Miss Victoria Jayne Rigby (appointed 18 March 2021)

Financial instruments

Objectives and policies

The company's financial assets and liabilities consist of trade debtors and creditors, cash balances and bank loans, finance leases and its investments in property.

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

The company aims to mitigate liquidity risk by closely managing cash generation by its operating business and monitoring performance. Capital investment is closely controlled with authorisation upto director level. The company does not consider it is exposed to a significant financial risk in relation to interest rates but this is closely managed.

The directors manage the company's exposure to financial risk by researching the creditworthiness of customers and by seeking advice from the company's providers of finance and its other external financial advisors.

There is an exposure to currency risk as it trades with certain entities in Euros both in terms of customers and suppliers. This does not currently represent a significant proportion of the business. The directors intend to set up Euro bank accounts during the 2022-23 financial year to help mitigate this risk.

The company does not trade speculatively in derivatives or similar instruments.

Employee involvement

The company's policy is to consult and discuss with employees matter likely to affect employees interests.

Environmental matters

The company predominately receives its turnover as a commission on its clients' energy consumption. Around 25% of turnover comes from management fees which are fixed regardless of consumption levels. As more pressure is applied to UK businesses to reduce their energy consumption through statutory reporting and compliance a larger part of the services, we provide are centred around consultancy services. New 'Green' energy supply products are being developed to assist our clients move towards Net Zero and an increasing number of new business clients are being contracted on a management fee basis.

Whilst larger consumers are expected to innovate their own solutions in regards to reducing their carbon footprint smaller consumers are reliant on renewable infrastructure and new widely available technologies to assist them with hitting their targets.

Research and development

LG Energy Group Ltd
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Directors' Report for the Year Ended 31 March 2021

The company continues to develop new energy management and procurement strategies and systems with a particular focus on renewable energies and Net Zero.

Going concern

The company took out a Recovery Loan Scheme loan in July 2021 to assist with the short term cash flow shortfall resulting from COVID-19. There are no onerous covenants on this facility and the directors are confident that it can be repaid in line with the terms of the facility.

The Company has a parent company loan owing to it that can be recalled on demand but does not anticipate a requirement to do so at the present time or in the immediate future based upon the forecasts of the business. The Directors of the parent company are committed to invest further funds into the group if and when required to facilitate repayments of the loan.

There are no banking covenants in the Group, but the Group is funded via a related party loan from Rigby Estates LLP. That loan is secure and there are no requirements for it to be repaid in the immediate future, Rigby Estates views this loan as an investment that ultimately benefits the beneficiary of the LLP. The intention is to repay these loans when there are share transactions in the future in one or more of the subsidiaries.

The company entered into a time to pay arrangement with HM Revenue & Customs to assist spread the impact of COVID on its cash flow. Compliance with this is not of concern to the directors.

Disclosure of information to the auditors

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

Reappointment of auditors

The auditors Beckett Rawcliffe Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 8 July 2022 and signed on its behalf by:

.....

Mr S M Asif H Rizvi

Director

LG Energy Group Ltd
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Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

LG Energy Group Ltd
trading as LG Energy Group Limited

Independent Auditor's Report to the Members of LG Energy Group Ltd

Opinion

We have audited the financial statements of LG Energy Group Ltd (the 'company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Other Matters

The previous years financial statements were not required to be audited, we have undertaken some work on the opening balances and our report is not qualified in this regard.

Emphasis of matter

There is a sum of £2,141,215 owed to the company by other members of the group. The directors are satisfied that these amounts will be repaid to the Company either by repayments commencing in 2024 and/or by a sale of shares in group companies by the holding company. Our report is not qualified in this respect.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We discussed going concern with management and reviewed post year end management accounts, future cash and accounting projections, inter company loan accounts, time to pay arrangements with HMRC, managements control of expenditure, regulatory matters, current demand for the company's services and the future plans for the Company.

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

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

Covid 19 resulted in reduced cash flow during the year and the need for Time to Pay arrangements with HMRC. We are satisfied that the company's cash flow has since recovered.

LG Energy Group Ltd
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Independent Auditor's Report to the Members of LG Energy Group Ltd

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

LG Energy Group Ltd
trading as LG Energy Group Limited

Independent Auditor's Report to the Members of LG Energy Group Ltd

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 mis-statements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured the team possessed the appropriate competence, capabilities and skills;
- We identified laws and regulations applicable to the Company through discussion with the directors;
- We focussed on those laws and regulations which have a direct material effect on the financial statements
- We assessed the extent of compliance by making enquiries of the directors.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures
- tested journal entries to identify unusual transactions;
- investigated rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance;
- enquiring of management as to actual or potential litigation or claims;
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would be aware of non-compliance. Auditing Standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material mis-statements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

LG Energy Group Ltd
trading as LG Energy Group Limited

Independent Auditor's Report to the Members of LG Energy Group Ltd

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

.....
David Harben BSc FCA (Senior Statutory Auditor)
For and on behalf of Beckett Rawcliffe Limited, Statutory Auditor
Unit 17, Beckett House
Sovereign Court
Wyrefields
Poulton Le Fylde
Lancashire
FY6 8JX

14 July 2022

LG Energy Group Ltd
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Profit and Loss Account for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	3,546,063	4,486,360
Cost of sales		<u>(1,980,006)</u>	<u>(1,949,583)</u>
Gross profit		1,566,057	2,536,777
Administrative expenses		(1,286,798)	(1,324,426)
Other operating income	<u>4</u>	<u>42,747</u>	-
Operating profit	<u>5</u>	322,006	1,212,351
Interest payable and similar expenses	<u>7</u>	<u>(4,830)</u>	<u>(21,965)</u>
Profit before tax		317,176	1,190,386
Tax on profit	<u>11</u>	<u>73,701</u>	<u>(251,309)</u>
Profit for the financial year		<u><u>390,877</u></u>	<u><u>939,077</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

LG Energy Group Ltd
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Statement of Comprehensive Income for the Year Ended 31 March 2021

	2021	2020
	£	£
Profit for the year	<u>390,877</u>	<u>939,077</u>
Total comprehensive income for the year	<u><u>390,877</u></u>	<u><u>939,077</u></u>

LG Energy Group Ltd
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(Registration number: 07528567)
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>12</u>	131,441	133,440
Current assets			
Stocks	<u>13</u>	546,800	706,785
Debtors	<u>14</u>	5,116,971	4,789,744
Cash at bank and in hand		78	27,526
		5,663,849	5,524,055
Creditors: Amounts falling due within one year	<u>16</u>	(4,411,144)	(4,639,315)
Net current assets		1,252,705	884,740
Total assets less current liabilities		1,384,146	1,018,180
Creditors: Amounts falling due after more than one year	<u>16</u>	(7,226)	(32,137)
Net assets		1,376,920	986,043
Capital and reserves			
Called up share capital		433,630	433,630
Share premium reserve	<u>19</u>	72,333	72,333
Retained earnings	<u>19</u>	870,957	480,080
Shareholders' funds		1,376,920	986,043

Approved and authorised by the Board on 8 July 2022 and signed on its behalf by:

.....
Mr S M Asif H Rizvi
Director

LG Energy Group Ltd
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Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2020	433,630	72,333	480,080	986,043
Profit for the year	-	-	390,877	390,877
At 31 March 2021	433,630	72,333	870,957	1,376,920
	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2019	433,630	72,333	(458,997)	46,966
Profit for the year	-	-	939,077	939,077
At 31 March 2020	433,630	72,333	480,080	986,043

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

1 General information

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

The address of its registered office is:

4 Croft Court
Whitehills Business Park
Blackpool
Lancashire
FY4 5PR
United Kingdom

These financial statements were authorised for issue by the Board on 8 July 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

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

Summary of disclosure exemptions

The Company has taken advantage of the exemption available to not produce a Cash Flow Statement. The company's holding company has prepared a Group Cash Flow Statement within the Consolidated Accounts..

Name of parent of group

These financial statements are consolidated in the financial statements of R Energy Group Ltd.

The financial statements of R Energy Group Ltd may be obtained from 4 Croft Court, Whitehills Business Park, Blackpool, FY4 5PR..

Exemption from preparing group accounts

The financial statements contain information about LG Energy Group Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, R Energy Group Ltd.

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Revenue recognition

When assessing the measurement of progress towards complete satisfaction of the performance obligation of the commission revenue, management deemed that the input method best depicted the transfer of services to the customer.

After thorough assessment of the company's costs to share model, consideration of tendering costs and costs to obtain a contract that do not contribute to the company's progress in satisfying the performance and additional services provided over the life of a corporate sector contract, management judged that recognition of 20% of the expected full contract value at the time the contract starts was suitable recognition of the proportion of time spent on the contract relative to the total expected inputs to the complete satisfaction of the performance obligation.

Revenue recognised prior to invoicing is included in other debtors.

Government grants

Government grants received during the year consist of furlough payments made under the 'Job Retention Scheme'. These payments are disclosed separately as grants received and recognised when made and not capitalised.

Foreign currency transactions and balances

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

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

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Office equipment	20% straight line
Fixtures and fittings	10% straight line

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks relate to work in progress which in turn relates to commissions paid to employees on full contact value paid in stages but paid in full at the point the contract starts. This is spread over the average life of the contracts within the company's order book with 20% commission taken at the start of the contract in line with the revenue recognition policy.

Note this is a change of policy over prior years which resulted in a write off of stock put through prior year accounts in accordance with FRS102.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

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

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

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

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

3 Turnover

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

	2021	2020
	£	£
Sale of goods	<u>3,546,063</u>	<u>4,486,360</u>

4 Other operating income

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

	2021	2020
	£	£
Government grants	<u>42,747</u>	<u>-</u>

5 Operating profit

Arrived at after charging/(crediting)

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

	2021 £	2020 £
Depreciation expense	39,953	46,943
Operating lease expense - plant and machinery	5,384	1,408

6 Government grants

Government Grants received during the year consisted of furlough payments made under the Job Retention Scheme. The amount of grants recognised in the financial statements was £42,747 (2020 - £Nil).

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	1,722	22,042
Foreign exchange gains/losses	3,108	(77)

8 Staff costs

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

	2021 £	2020 £
Wages and salaries	1,950,679	2,248,667
Pension costs, defined contribution scheme	44,412	39,888
Redundancy costs	-	22,394
Other employee expense	17,900	85,336

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

	2021 No.	2020 No.
Administration and support	10	10
Research and development	5	5
Sales	43	43

9 Directors' remuneration

The directors' remuneration for the year was as follows:

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

	2021	2020
	£	£
Remuneration	105,848	176,609

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	72,443	104,000

10 Auditors' remuneration

	2021	2020
	£	£
Audit of the financial statements	5,000	-

11 Taxation

Tax charged/(credited) in the income statement

	2021	2020
	£	£
Current taxation		
UK corporation tax	-	251,309
UK corporation tax adjustment to prior periods	(73,701)	-
	<u>(73,701)</u>	<u>251,309</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£	£
Profit before tax	317,176	1,190,386
Corporation tax at standard rate	60,263	226,173
Tax increase (decrease) from effect of capital allowances and depreciation	-	19,620
Tax increase (decrease) arising from group relief	-	5,516
Tax increase (decrease) from effect of adjustment in research and development tax credit	(133,964)	-
Total tax (credit)/charge	<u>(73,701)</u>	<u>251,309</u>

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

12 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 April 2020	350,056	350,056
Additions	39,115	39,115
Disposals	(1,161)	(1,161)
At 31 March 2021	<u>388,010</u>	<u>388,010</u>
Depreciation		
At 1 April 2020	216,616	216,616
Charge for the year	39,953	39,953
At 31 March 2021	<u>256,569</u>	<u>256,569</u>
Carrying amount		
At 31 March 2021	<u>131,441</u>	<u>131,441</u>
At 31 March 2020	<u>133,440</u>	<u>133,440</u>

13 Stocks

	2021 £	2020 £
Work in progress	<u>546,800</u>	<u>706,785</u>

14 Debtors

	Note	2021 £	2020 £
trade debtors		686,053	820,565
Amounts owed by related parties	<u>22</u>	2,240,569	1,901,623
Other debtors		2,112,064	2,067,556
Prepayments		78,285	-
Total current trade and other debtors		<u>5,116,971</u>	<u>4,789,744</u>

Details of non-current trade and other debtors

£2,141,215 (2020 -£1,820,014) of Inter Company Loan Accounts is classified as non current.

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

15 Cash and cash equivalents

	2021	2020
	£	£
Cash on hand	20	-
Cash at bank	58	27,526
	<u>78</u>	<u>27,526</u>
Bank overdrafts	(1,681)	-
Cash and cash equivalents in statement of cash flows	<u>(1,603)</u>	<u>27,526</u>

16 Creditors

	Note	2021	2020
		£	£
Due within one year			
Loans and borrowings	<u>20</u>	1,681	-
trade creditors		540,348	551,801
Social security and other taxes		1,183,413	749,491
Outstanding defined contribution pension costs		46,265	-
Other payables		2,314,795	3,338,023
Accrued expenses		163,251	-
Income tax liability	<u>11</u>	161,391	-
		<u>4,411,144</u>	<u>4,639,315</u>
Due after one year			
Loans and borrowings	<u>20</u>	7,226	32,137

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £44,412 (2020 - £39,888).

Contributions totalling £46,265 (2020 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

	2021		2020	
	No.	£	No.	£
Ordinary of £1 each	433,630	433,630	433,630	433,630

19 Reserves

Share Premium Account

Arising on the past issue of new shares.

20 Loans and borrowings

	2021	2020
	£	£
Non-current loans and borrowings		
HP and finance lease liabilities	7,226	32,137

	2021	2020
	£	£
Current loans and borrowings		
Bank overdrafts	1,681	-

Bank borrowings

Company Credit Card is denominated in GBP with a nominal interest rate of 20%, and the final instalment is due on 1 May 2021. The carrying amount at year end is £1,681 (2020 - £Nil).

Credit card paid monthly in full.

21 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	7,226	24,911
Later than one year and not later than five years	-	7,226
	7,226	32,137

22 Related party transactions

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Transactions with directors

	At 1 April 2020	Advances to director	At 31 March 2021
	£	£	£

2021			
Mr Thomas Adam Flack			
Directors Loan Account to be repaid by 31st December 2021	81,609	-	81,609

2020			
Mr Thomas Adam Flack			
Directors Loan Account to be repaid by 31st December 2021		81,609	81,609

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Summary of transactions with parent

R Energy Group Limited
 Inter Company Loan Account

Summary of transactions with entities with joint control or significant interest

Guild Energy Limited
 Inter Company Loan Account relating to the invoicing of commissions for clients introduced to Guild Energy by the Company.

Summary of transactions with other related parties

Rigby Group Ltd
 The company leases it's Blackpool offices from Rigby Group Ltd.

Expenditure with and payables to related parties

	Other related parties £
2021	
Leases	33,685
2020	
Leases	20,111

Loans to related parties

	Parent £	Entities with joint control or significant influence £	Total £
2021			
At start of period	819,984	1,000,000	1,819,984
Advanced	321,231	-	321,231
At end of period	1,141,215	1,000,000	2,141,215
2020			
At start of period	819,984	1,000,000	1,819,984
At end of period	819,984	1,000,000	1,819,984

Terms of loans to related parties

Repayments by Guild Energy will start during 2023-24 and be spread over several years.

LG Energy Group Ltd
trading as LG Energy Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

23 Parent and ultimate parent undertaking

The company's immediate parent is R Energy Group Ltd, incorporated in England & Wales.
The ultimate controlling party is VJ Rigby, L Rigby and Estate of WS Rigby.

The parent of the largest group in which these financial statements are consolidated is R Energy Group Ltd, incorporated in England & Wales.

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