

Company Registration No. 02796741 (England and Wales)

LB GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

LB Group Ltd
The Octagon, Suite E2
2nd floor Middlebrough
Colchester, Essex
CO1 1TG

LB GROUP LIMITED

COMPANY INFORMATION

Directors	Mr P Mustoe Mr M Middleton Mr C Annis Mr S Sheldrick Mr R Lane Mrs C P Eve Mr M Baird Mr S Roberts Mr M Warman
Company number	02796741
Registered office	The Octagon Suite E2 2nd Floor Middleborough Colchester Essex CO1 1TG
Auditor	Barker Wilkinson Limited 19-21 Middle Row Stevenage Hertfordshire SG1 3AW

LB GROUP LIMITED

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LB GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Fair review of the business

The Company provides accountancy, audit, taxation, corporate finance and general business advisory services.

The Company has posted turnover growth of 24% during the financial year. There have been no significant acquisitions during the year, all growth has been organically grown from new business for new and existing clients.

The Company has continued to invest in its staff and premises to further increase growth in the following year.

Principal risks and uncertainties

The directors meet frequently throughout the year to monitor risks across the business. The directors review and agree policies for managing each of the risks.

The principal risks and uncertainties facing the Company are those listed below:

Liquidity/cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company maintains significant availability in liquid funds to mitigate against this risk. The Company includes the use of forecasts and budgets to monitor and control its cash flows and working capital requirements.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are trade debtors and amounts due under contracts.

The Company mitigates this risk by having a broad customer base and having significant management focus on billing and the recovery of aged debt.

Interest rate risk

The Company's operations and business growth are partly financed by external borrowings. Such facilities are repayable at various rates on interest. Accordingly, there is an exposure risk to interest rate rises.

Availability of IT systems

The Company has a number of Information Technology (IT) systems in order to carry out its day-to-day business and service its clients' requirements. There is a risk that any of these systems, as part of the overall IT infrastructure, could fail, individually or collectively, with an adverse effect on the Company's operations. The Company regularly monitors this risk and has continuity plans in place.

People risks

The willingness of competitors to offer key staff higher remuneration packages continues to be a risk to the Company's ability to attract and retain key people.

Key performance indicators

The Company performs periodic benchmarking of salaries to ensure the Company remains competitive.

The Company made a profit before tax for the year of £1,871,579, an increase of £175,650 compared to 2021.

Revenue increased by £2,015,061 (24%) to £10,496,195 in 2022. This is driven by strong internal growth in all offices.

Administrative expenses increased by £1,646,749 on the prior year (25%) to £8,214,589, mainly due to an increase in staff remuneration, management fees to parent company and property expenses.

LB GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

On behalf of the board

Mr C Annis

Director

27 February 2023

LB GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the company continued to be that of the provision of accountancy, audit, taxation, corporate finance and general business advisory services.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,500,000. The directors do not recommend payment of a further dividend.

Directors

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

Mr P Mustoe
Mr M Middleton
Mr C Annis
Mr S Sheldrick
Mr R Lane
Mrs C P Eve
Mr M Baird
Mr S Roberts
Mr M Warman

Future developments

The Company continues to expand and invest in new and existing staff with specialist skills which will allow the Company to improve and grow its service to clients.

Auditor

In accordance with the company's articles, a resolution proposing that Barker Wilkinson Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

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

On behalf of the board

Mr C Annis
Director

27 February 2023

LB GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

LB GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LB GROUP LIMITED

Opinion

We have audited the financial statements of LB Group Limited (the 'company') for the year ended 31 August 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LB GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LB GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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's responsibilities for the audit of the financial statements

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

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 principal ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through enquiry of management, and from our commercial knowledge and experience of the accountancy practice sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

LB GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LB GROUP LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates referred to in note 2 were indicative of potential bias; and
- investigated the rationale behind any significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedure which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to the actual and potential risk of litigation and claims;

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 become 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 misstatements 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

K Barker
Senior Statutory Auditor
For and on behalf of Barker Wilkinson Limited
Chartered Accountants
Statutory Auditor

27 February 2023

19-21 Middle Row
Stevenage
Hertfordshire
SG1 3AW

LB GROUP LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	10,496,195	8,481,134
Cost of sales		(558,840)	(571,563)
Gross profit		9,937,355	7,909,571
Administrative expenses		(8,214,589)	(6,567,840)
Other operating income		101,497	110,281
Operating profit	4	1,824,263	1,452,012
Income from shares in group undertakings	7	72,112	208,166
Interest payable and similar expenses	8	(24,796)	35,751
Profit before taxation		1,871,579	1,695,929
Tax on profit	9	(348,089)	(283,140)
Profit for the financial year		1,523,490	1,412,789

The income statement has been prepared on the basis that all operations are continuing operations.

LB GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	2022	2021
	£	£
Profit for the year	1,523,490	1,412,789
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,523,490</u>	<u>1,412,789</u>

LB GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		209,552		230,571
Tangible assets	12		422,364		360,950
Investment properties	13		195,000		195,000
Investments	14		10,201		10,210
			<u>837,117</u>		<u>796,731</u>
Current assets					
Debtors	17	6,339,759		7,056,048	
Cash at bank and in hand		207,340		1,137	
		<u>6,547,099</u>		<u>7,057,185</u>	
Creditors: amounts falling due within one year	18	(2,635,712)		(3,076,522)	
Net current assets			<u>3,911,387</u>		<u>3,980,663</u>
Total assets less current liabilities			<u>4,748,504</u>		<u>4,777,394</u>
Creditors: amounts falling due after more than one year	19		-		(52,380)
Provisions for liabilities					
Deferred tax liability	21	47,927		47,927	
		<u>(47,927)</u>		<u>(47,927)</u>	
Net assets			<u><u>4,700,577</u></u>		<u><u>4,677,087</u></u>
Capital and reserves					
Called up share capital	24		1,002		1,002
Share premium account			79,000		79,000
Capital redemption reserve			47,000		47,000
Profit and loss reserves			<u>4,573,575</u>		<u>4,550,085</u>
Total equity			<u><u>4,700,577</u></u>		<u><u>4,677,087</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27 February 2023 and are signed on its behalf by:

Mr C Annis
Director

Company Registration No. 02796741

LB GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 September 2020		13,002	79,000	35,000	3,597,296	3,724,298
Year ended 31 August 2021:						
Profit and total comprehensive income for the year		-	-	-	1,412,789	1,412,789
Dividends	10	-	-	-	(448,000)	(448,000)
Redemption of shares	24	(12,000)	-	12,000	(12,000)	(12,000)
Balance at 31 August 2021		1,002	79,000	47,000	4,550,085	4,677,087
Year ended 31 August 2022:						
Profit and total comprehensive income for the year		-	-	-	1,523,490	1,523,490
Dividends	10	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 August 2022		1,002	79,000	47,000	4,573,575	4,700,577

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

LB Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Octagon Suite E2, 2nd Floor Middleborough, Colchester, Essex, CO1 1TG.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the investment property and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of LBGH Limited. These consolidated financial statements are available from its registered office, The Octagon Suite E2, 2nd Floor Middleborough, Colchester, Essex, CO1 1TG.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

LB Group Limited is a wholly owned subsidiary of LBGH limited and the results of LB Group Limited are included in the consolidated financial statements of LBGH Limited which are available from The Octagon, Suite E2, 2nd Floor Middleborough, Colchester, Essex, CO1 1TG.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services represents amounts chargeable for professional services provided during the year, inclusive of direct expenses incurred on client assignments net of vat. Revenue is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Unbilled revenue is included in debtors as 'amounts due under contracts'

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between 2 - 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

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

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

Land and buildings Leasehold	Over the term of the lease
Fixtures, fittings & equipment	15% on cost
Computer equipment	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

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

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

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

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company 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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fair value of Investment Property

The investment property is stated at fair value based on the market price of nearby, comparable properties as at the balance sheet date.

Amounts due under contracts

Provision is made based upon actual recovery statistics in respect of any anticipated under recovery of unbilled completed work.

3 Turnover and other revenue

All turnover arose within the United Kingdom.

	2022	2021
	£	£
Turnover analysed by class of business		
Rendering of services	10,496,195	8,481,134

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

3 Turnover and other revenue		(Continued)	
	2022	2021	
	£	£	
Other revenue			
Dividends received	72,112	208,166	
Grants received	28,678	26,554	
Rents receivable	72,819	83,727	
	<u> </u>	<u> </u>	

4 Operating profit		2022	2021
		£	£
Operating profit for the year is stated after charging/(crediting):			
Government grants		(28,678)	(26,554)
Fees payable to the company's auditor for the audit of the company's financial statements		11,000	10,250
Depreciation of owned tangible fixed assets		103,829	96,859
Amortisation of intangible assets		76,975	53,285
Operating lease charges		366,885	345,406
		<u> </u>	<u> </u>

The government grants received related to the coronavirus job retention scheme and were not performance related.

5 Employees

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

	2022	2021
	Number	Number
Professional and administrative staff	135	115
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	4,819,708	4,008,342
Pension costs	234,375	105,581
	<u> </u>	<u> </u>
	5,054,083	4,113,923
	<u> </u>	<u> </u>

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	513,352	430,337
Company pension contributions to defined contribution schemes	50,304	43,151
	<u>563,656</u>	<u>473,488</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2021 - 6).

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

	2022 £	2021 £
Remuneration for qualifying services	105,570	101,386
Company pension contributions to defined contribution schemes	6,112	5,636
	<u>111,682</u>	<u>107,022</u>

7 Interest receivable and similar income

	2022 £	2021 £
Income from fixed asset investments		
Income from shares in group undertakings	72,112	208,166
	<u>72,112</u>	<u>208,166</u>
Disclosed on the income statement as follows:		
Income from shares in group undertakings	72,112	208,166
	<u>72,112</u>	<u>208,166</u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	9,815	14,759
Other interest	14,981	(50,510)
	<u>24,796</u>	<u>(35,751)</u>

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	350,288	295,328
Adjustments in respect of prior periods	(2,199)	(13,960)
	<u>348,089</u>	<u>281,368</u>

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Taxation (Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	-	1,772
	<u> </u>	<u> </u>
Total tax charge	348,089	283,140
	<u> </u>	<u> </u>

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

	2022 £	2021 £
Profit before taxation	1,871,579	1,695,929
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	355,600	322,227
Tax effect of expenses that are not deductible in determining taxable profit	20,517	16,349
Adjustments in respect of prior years	(2,199)	(13,960)
Group relief	-	(2,926)
Dividend income	(13,701)	(39,552)
Capital allowances in excess of depreciation	(12,128)	1,002
	<u> </u>	<u> </u>
Taxation charge for the year	348,089	283,140
	<u> </u>	<u> </u>

10 Dividends

	2022 £	2021 £
Final paid	1,500,000	448,000
	<u> </u>	<u> </u>

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 September 2021	1,860,952
Additions	55,956
	<hr/>
At 31 August 2022	1,916,908
	<hr/>
Amortisation and impairment	
At 1 September 2021	1,630,381
Amortisation charged for the year	76,975
	<hr/>
At 31 August 2022	1,707,356
	<hr/>
Carrying amount	
At 31 August 2022	209,552
	<hr/> <hr/>
At 31 August 2021	230,571
	<hr/> <hr/>

12 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 September 2021	253,844	96,520	426,333	776,697
Additions	-	71,774	93,469	165,243
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2022	253,844	168,294	519,802	941,940
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 September 2021	93,738	67,363	254,646	415,747
Depreciation charged in the year	20,991	13,004	69,834	103,829
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2022	114,729	80,367	324,480	519,576
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 August 2022	139,115	87,927	195,322	422,364
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2021	160,106	29,157	171,687	360,950
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 Investment property

	2022 £
Fair value	
At 1 September 2021 and 31 August 2022	195,000
	<hr/> <hr/>

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

13 Investment property

(Continued)

The directors have assessed the fair value of the investment property on a market value basis as it is not commercially let. As at the balance sheet date, the directors assessed the ongoing carrying value of the property to remain at £195,000 based upon the market prices of comparable properties.

14 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	15	10,100	10,100
Unlisted investments		101	110
		<u>10,201</u>	<u>10,210</u>

Movements in fixed asset investments

	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 1 September 2021	10,100	110	10,210
Disposals	-	(9)	(9)
	<u>10,100</u>	<u>101</u>	<u>10,201</u>
At 31 August 2022	10,100	101	10,201
Carrying amount			
At 31 August 2022	<u>10,100</u>	<u>101</u>	<u>10,201</u>
At 31 August 2021	<u>10,100</u>	<u>110</u>	<u>10,210</u>

On 22nd July 2022, the Company sold its shares in LB Insolvency Solutions Limited.

15 Subsidiaries

Details of the company's subsidiaries at 31 August 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Isles and Storer Limited	80 Compair Crescent, Ipswich, Suffolk IP2 0EH	The provision of accountancy services	Ordinary £1	100.00
LB Business Solutions Limited	The Octagon, Suite E2 Second Floor, Middlebrough, Colchester, Co1 1TG	The provision of business advisory services	Ordinary £1	100.00

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Subsidiaries

(Continued)

Isles and Storer Limited

The Company acquired its interest in the shares of this Company on 2nd April 2018. Under the terms of the sale and purchase agreement the vendor shareholders were entitled to the net asset value of the Company as at 31st March 2018. Accordingly, the directors do not consider it appropriate to disclose the aggregate capital and reserves nor the profit for the periods ended 31 August 2022 and 31st August 2021. The Company's investment is considered to be the inherent goodwill attaching to client base of Isle and Storer Limited.

16 Significant undertakings

The company also has significant holdings in undertakings which are not consolidated:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Orange Pentagon Limited	The Octagon, Suite E2 Second Floor, Middlebrough, Colchester, CO1 1TG	The provision of computer services	Ordinary £1	50.00
LB Recruit Limited	Swift House, 18 Hoffmanns Way, Chelmsford, CM1 1GU	A recruitment agency	Ordinary £1	50.00
LB Financial Solutions Limited	Swift House, 18 Hoffmanns Way, Chelmsford, CM1 1GU	The provision of financial services	Ordinary £1	50.00

17 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,195,861	1,822,242
Amounts due under contracts	1,439,260	1,117,249
Unpaid share capital	-	5,940
Amounts owed by group undertakings	2,201,646	3,532,713
Amounts owed by undertakings in which the company has a participating interest	-	267,424
Other debtors	406,454	229,283
Prepayments and accrued income	96,538	81,197
	<u>6,339,759</u>	<u>7,056,048</u>

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	20	56,651	726,472
Trade creditors		272,547	174,663
Amounts owed to undertakings in which the company has a participating interest		179,858	48,752
Corporation tax		650,156	643,878
Other taxation and social security		1,068,271	1,095,904
Deferred income	22	111,710	75,180
Other creditors		146,590	197,118
Accruals and deferred income		149,929	114,555
		<u>2,635,712</u>	<u>3,076,522</u>

19 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	20	-	52,380
		<u>-</u>	<u>52,380</u>

20 Loans and overdrafts

	2022 £	2021 £
Bank loans	56,651	151,665
Bank overdrafts	-	627,187
	<u>56,651</u>	<u>778,852</u>
Payable within one year	56,651	726,472
Payable after one year	-	52,380
	<u>56,651</u>	<u>778,852</u>

The bank loans and overdraft facility are secured by guarantee for £250,000 by the directors and a Debenture dated 23rd December 1996 over the assets and undertaking of the Company.

Included as at the previous balance sheet date within bank loans is a loan due to a pension scheme, of which two of the Company's former directors are beneficiaries. That loan balance is secured by way of a Legal Charge dated 8th June 2016 over one of the properties owned by the Company.

The company has the following bank loans:

Lender - Natwest
Interest rate - 3.25% over base
Matures - 2023
The loan is repayable by monthly instalments.
Balance outstanding as at year end - £56,651

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

21 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	47,927	47,927

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

22 Deferred income

	2022 £	2021 £
Other deferred income	111,710	75,180

23 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	234,375	105,581

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

24 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 10p each	3,877	3,877	388	388
Ordinary "A" shares of 10p each	4,626	4,626	462	462
Ordinary "B" shares of 10p each	1,517	1,517	152	152
	10,020	10,020	1,002	1,002

All classes of share rank pari passu in all respects except that (a) if the directors determine a dividend should be paid in respect of one class of share there shall not in consequence be an entitlement for the holders of the other classes of share to require any dividend to be paid in respect of their shares.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

25 Financial commitments, guarantees and contingent liabilities

HM Revenue and Customs (HMRC) have enquired into efurbs arrangements entered into by the Company. The directors and their advisors have strongly contested HMRC's claims that tax and national insurance liabilities arise from the arrangements. At the date of approval of these financial statements, the ultimate outcome of the enquiry cannot be predicted. At the balance sheet date, the Company has paid a total of £190,702 (2021: £169,101)

The Company has guaranteed individual director borrowings to facilitate the purchase of shares from other directors. The individual loans total £600,000.

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of 11 years and rentals are fixed for an average of 5 years with an option to extend for a further 5 years at the prevailing market rate.

In September 2022 a lease was cancelled and replaced by a new one resulting in an aggregate increase in the overall lease commitments of £1,937,525. £716,875 of the lease commitment figure of £2,133,010 applies to the cancelled lease.

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

	2022 £	2021 £
Within one year	373,578	309,009
Between two and five years	1,393,390	1,124,468
In over five years	366,042	310,447
	<u>2,133,010</u>	<u>1,743,924</u>

27 Related party transactions

The company is not under the control of any one individual.

The company paid rent of £96,130 (2021: £96,130) and interest of £nil (2020: £203) to The Key 800 Retirement Benefits Scheme, which owns two of the offices in which the Company operates. This Company is a self administered pension scheme for the benefit of two former directors.

The company received rent of £16,000 (2021: £16,000) from Marsil Marine Limited, a company in which a former director of this company has an interest.

In the directors opinion, all of the aforementioned rentals are at market rates. The pension scheme trustees are obliged to charge a market rate of interest for loans made to the company.

LB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

28 Ultimate controlling party

The Company's immediate parent company and ultimate parent company is LBGH Limited, registered in England and Wales.

The smallest and largest group in which the results of LB Group Limited are consolidated is that headed by LBGH Limited. The consolidated financial statements of LBGH Limited are available to the public and may be obtained from:

Companies House,
Crown Way,
Cardiff,
CF14 3UZ

and also from:

LGBH Limited
The Octagon, Suite E2
2nd Floor Middleborough
Colchester
Essex
CO1 1TG

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