

REGISTERED NUMBER: 08961481 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
FOR
LOCUS ENERGY LTD**



LOCUS ENERGY LTD (REGISTERED NUMBER: 08961481)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	Page
Company Information	1
Report of the Directors	2
Independent Auditors' Report to the Members of Locus Energy Ltd	5
Income Statement	8
Statement of Financial Position	9
Notes to the Financial Statements	10

LOCUS ENERGY LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS:

D A Leiper
S J Perkins
C Russell

SECRETARY:

Mrs S L Hayward

REGISTERED OFFICE:

Fifth Floor, Lombard House
145 Great Charles Street
Birmingham
England
United Kingdom
B3 3LP

REGISTERED NUMBER:

08961481 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
England
United Kingdom
B3 3AX

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

The Directors present their report with the audited financial statements of the Company for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

Locus Energy Ltd (Locus) provides gas shipping service to Tonik Energy Limited (Tonik), a sister company within the Retig Ltd group (the Group). These services are required for an energy supplier to undertake to supply gas to homes and business in the UK.

REVIEW OF BUSINESS

The Directors are pleased with the progress made over the fiscal year. Management have continued to investment in time to improve uptime, availability and reliability of the underlying systems whilst seeking to improve back up and redundancy solutions to ensure business continuity in the event of primary system failures.

In February 2019, Retig Ltd (the parent company) completed a funding round of £13.3m, with £3m coming from private investors and £10m from Mitsui & Co., a corporate investor. This has provided the group with additional funds to invest in growth, proposition development and people to support the delivery of the Group's business plan.

KEY PERFORMANCE INDICATORS

The board of Directors and leadership team monitor key performance indicators (KPI) including gas shipper services revenue (2019: £132.0k from 2018: £96.0k) and operating profit (2019: £1.0k from 2018: £3.7k).

PRINCIPAL RISKS AND UNCERTAINTIES

The Board regularly meet to review and discuss the key risks and issues facing the Company and review the risks alongside key targets and KPIs of the business.

The main risks relate to the reliance on Tonik where the Company's revenue is derived from. Furthermore, the reliance on Retig Ltd for continued financial support remains a risk as explained below under the going concern heading.

FUTURE DEVELOPMENTS

The Company will continue to supply gas shipping services to Tonik whilst continuing to improve efficiency of the systems and processes.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

In December 2019, Retig Ltd completed a funding round of £11m received from Mitsui & Co. This has provided the Group with the resources required to support the delivery of the business plan.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

D A Leiper
S J Perkins
C Russell

Other changes in Directors holding office are as follows:

J I M Hayward – resigned 21 November 2019

LOCUS ENERGY LTD (REGISTERED NUMBER: 08961481)

**REPORT OF THE DIRECTORS – continued
FOR THE YEAR ENDED 31 MARCH 2019**

DIRECTORS' INDEMNITIES

The Company maintains liability insurance for its Directors and officers. This is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This insurance cover was in force during the year and is still in force at the date of approving these financial statements.

GOING CONCERN

The Consolidated Statement of Financial Position as at 31 March 2019 shows a net current liabilities position. The Directors have considered this when assessing the appropriateness of the going concern basis of the preparation of the financial statements.

The Directors are confident that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Retig Ltd has provided a letter of support that will enable Locus to meet its commitments as they fall due. As part of the Retig Group, the Group's ability to meet its future liabilities impacts on the Company.

The Group has successfully completed fund raises in February 2019 and December 2019, in line with its mid-term business plan, which support the ongoing activities and liquidity of the Group and Company. These investments were from private investors and Mitsui, reflecting the confidence in the business plan and Management's ability to deliver the plan.

Throughout the fundraising process, there has been a strong alignment with Mitsui which has brought a valuable strategic and long-term partnership. During the year, the relationship with key suppliers has strengthened which has brought additional synergies on future plans beneficial to both parties. The Directors believe that this provides continuing access to financial and strategic support which has been available to date and the Directors have no reason to believe that this would not be forthcoming in the future.

Detailed cash flow modelling has been completed for the Group which have confirmed the Directors expectation that there are sufficient funds in place to sustain the operational targets for the immediate period. There are also a number of additional levers available that will allow the Group to optimise its liquidity through any periods of uncertainty and to still meet its obligations for the foreseeable future.

**REPORT OF THE DIRECTORS – continued
FOR THE YEAR ENDED 31 MARCH 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:



C Russell - Director

Date: 20 February 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCUS ENERGY LTD

Report on the audit of the financial statements

Opinion

In our opinion, Locus Energy Ltd's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report of the Directors and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2019; the Income Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on its parent, Retig Ltd for its funding requirements. Retig Ltd requires a further fundraise to continue operating for at least 12 months from the date of this report and to support its delivery of the mid term plan. The extent and timing of such fundraising is uncertain. Further, whilst the Directors of Retig Ltd have identified mitigating actions, not all actions that may need to be taken are within their control or may be implemented on a sufficiently timely basis. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCUS ENERGY LTD

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCUS ENERGY LTD

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

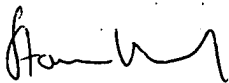
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 21 February 2020

LOCUS ENERGY LTD (REGISTERED NUMBER: 08961481)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	31.3.19 £	31.3.18 £
REVENUE	132,000	96,000
Administrative expenses	<u>(131,148)</u>	<u>(92,436)</u>
OPERATING PROFIT	852	3,564
Interest receivable and similar income	<u>-</u>	<u>115</u>
PROFIT BEFORE TAXATION	852	3,679
Tax on profit	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	<u><u>852</u></u>	<u><u>3,679</u></u>

There was no other comprehensive income or expense recognised during the year.

The notes on pages 10 to 14 form part of these financial statements.

LOCUS ENERGY LTD (REGISTERED NUMBER: 08961481)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Notes	31.3.19	31.3.18
		£	£
FIXED ASSETS			
Property, plant and equipment	4	<u>4,792</u>	<u>10,305</u>
CURRENT ASSETS			
Debtors	5	4,774,167	1,686,477
Cash at bank		<u>128,611</u>	<u>108,623</u>
		4,902,778	1,795,100
CREDITORS:			
Amounts falling due within one year	6	<u>4,902,939</u>	<u>1,801,626</u>
NET CURRENT LIABILITIES		<u>(161)</u>	<u>(6,526)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>4,631</u></u>	<u><u>3,779</u></u>
CAPITAL AND RESERVES			
Called up share capital		2	2
Retained earnings		<u>4,629</u>	<u>3,777</u>
TOTAL SHAREHOLDERS' FUNDS		<u><u>4,631</u></u>	<u><u>3,779</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 8 to 14 were approved by the Board of Directors on 20 February 2020 and were signed on its behalf by:


.....
C Russell – Director

The notes on pages 10 to 14 form part of these financial statements.

LOCUS ENERGY LTD (REGISTERED NUMBER: 08961481)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. STATUTORY INFORMATION

Locus Energy Ltd is a private company limited by shares and is incorporated in the United Kingdom. The registered number of the Company is 08961481 and the registered address of the Company is Fifth Floor, Lombard House, 145 Great Charles Street, Birmingham B3 3LP.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in compliance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements comprise the audited financial statements of the Company and are stated in pound sterling, the Company's functional and presentational currency.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

The Consolidated Statement of Financial Position as at 31 March 2019 shows a net current liabilities position. The Directors have considered this when assessing the appropriateness of the going concern basis of the preparation of the financial statements.

The Directors are confident that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Retig Ltd has provided a letter of support that it will enable the Company to meet its commitments as they fall due. As part of the Group, the Group's ability to meet its future liabilities impacts on the Company.

The Group has successfully completed fund raises in February 2019 and December 2019, in line with its mid-term business plan, which support the ongoing activities and liquidity of the Group and Company. These investments were from private investors and Mitsui, reflecting the confidence in the business plan and Management's ability to deliver the plan.

Throughout the fundraising process, there has been a strong alignment with Mitsui which has brought a valuable strategic and long-term partnership. During the year, the relationship with key suppliers has strengthened which has brought additional synergies on future plans beneficial to both parties. The Directors believe that this provides continuing access to financial and strategic support which has been available to date and the Directors have no reason to believe that this would not be forthcoming in the future.

The proven ability and track record of raising funds with major investors within targeted timescales has given the Directors confidence over the Group and Company's ability to raise the further funds as needed to deliver its mid-term plan.

The delivery of the mid-term plan requires additional funds to be raised within the 12 months following the date of this report and the financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES – continued

Going concern – continued

However, the Directors are comfortable that, given the strength of existing relationships, the demonstrated ability to raise funds previously, the commercial mitigations available to the Company, and the required level of funds required that the investment will be completed in good time. This supports the Directors' confidence over the Group and the Company's ability to continue as a going concern.

Detailed cash flow modelling has been completed for the Group which have confirmed the Directors expectation that there are sufficient funds in place to sustain the operational targets for the immediate period. There are also a number of additional levers available that will allow the Group to optimise its liquidity through any periods of uncertainty and to still meet its obligations for the foreseeable future.

Related party exemption

The Company has taken advantage of exemption, under the terms of Section 1A Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents gas shipping services provided to a fellow group company and is recognised at the point of supply to the customer.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided when assets become available for use in the manner intended by management at a rate calculated to write off the cost of the asset over its useful economic life as follows:

Plant and machinery	25% straight line
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Assets are reviewed for impairment if there are factors which indicate that the carrying value may be impaired.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax assets and liabilities are in general recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued

Deferred tax – continued

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted. Deferred tax assets and liabilities are offset when the Company has 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.

In addition, deferred taxes are recognised on tax deductible tax losses carried forward to the extent that a future reversal leading to a reduction of tax expense is expected with high probability.

Credit cover

The Company holds Credit Cover amounts within debtors that is held as trading collateral by creditors. This amount relates to future supplies that are not invoiced at the date of the statement of financial position and therefore are included as debtors rather than cash as they are not immediately available balances.

Cash at bank

Cash includes all cash held at bank. There are no bank overdrafts.

3. EMPLOYEES AND DIRECTORS

	For the year ended	
	31.3.19	31.3.18
	£	£
Wages and salaries	-	29,746
Social security costs	-	3,469
Other pension costs	-	215
	<u>-</u>	<u>33,430</u>

The average monthly number of employees during the year was nil (2018: nil).

During the prior year, the charges to the Income Statement detailed above related to Group Strategy charges received from the Company's parent company for employee resource used to administer the company. There were no such recharges in the current year.

The Directors were remunerated by the Company's parent company and received no payment from this entity for their services to the Company (2018: £nil).

LOCUS ENERGY LTD (REGISTERED NUMBER: 08961481)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery £
COST	
At 1 April 2018	
and 31 March 2019	<u>22,052</u>
ACCUMULATED DEPRECIATION	
At 1 April 2018	11,747
Charge for year	<u>5,513</u>
At 31 March 2019	<u>17,260</u>
NET BOOK VALUE	
At 31 March 2019	<u>4,792</u>
At 31 March 2018	<u>10,305</u>

5. DEBTORS

	31.3.19 £	31.3.18 £
Amounts owed by Group undertakings	1,889,272	699,767
Other debtors	908,688	-
Credit cover	1,758,600	980,811
VAT	217,607	-
Prepayments	<u>-</u>	<u>5,899</u>
	<u>4,774,167</u>	<u>1,686,477</u>

Amounts owed by Group undertakings are unsecured, repayable on demand and attract no interest.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19 £	31.3.18 £
Trade creditors	904	35,116
Amounts owed to Group undertakings	4,118,822	121,956
VAT	-	7,186
Accrued expenses	<u>783,213</u>	<u>1,637,368</u>
	<u>4,902,939</u>	<u>1,801,626</u>

Amounts owed to Group undertakings are unsecured, repayable on demand and attract no interest.

7. POST BALANCE SHEET EVENTS

In December 2019, Retig Ltd completed a funding round of £11m received from Mitsui & Co. This has provided the Group with the resources required to support the delivery of the business plan.

The Company is a wholly owned subsidiary of Retig Ltd, the controlling party.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

8. CONTROLLING PARTY

The ultimate controlling party is Retig Ltd, which is the parent company of the largest and smallest group to consolidate these financial statements.

Copies of Retig Ltd's consolidated financial statements are available from the offices of Retig Ltd at the following address: Fifth Floor, Lombard House, 145 Great Charles Street, Birmingham B3 3LP.