

RLG INTERNATIONAL LIMITED

**INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 30 APRIL 2020**

RLG INTERNATIONAL LIMITED

COMPANY INFORMATION

Director	B W Farrow
Company secretary	Shepherd & Wedderburn Secretaries Limited
Registered number	SC170808
Registered office	Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE
Independent auditors	Anderson Anderson & Brown Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU

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**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 APRIL 2020**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	19,091	22,832
Investment property	5	500,000	500,000
		<u>519,091</u>	<u>522,832</u>
Current assets			
Debtors: amounts falling due within one year	6	360,971	871,930
Cash at bank and in hand	7	121,051	321,065
		<u>482,022</u>	<u>1,192,995</u>
Creditors: amounts falling due within one year	9	(946,290)	(1,664,210)
Net current liabilities		<u>(464,268)</u>	<u>(471,215)</u>
Total assets less current liabilities		<u>54,823</u>	<u>51,617</u>
Provisions for liabilities			
Other provisions	12	(228,800)	-
		<u>(228,800)</u>	<u>-</u>
Net assets		<u><u>(173,977)</u></u>	<u><u>51,617</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		(173,978)	51,616
		<u><u>(173,977)</u></u>	<u><u>51,617</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B W Farrow

Director

Date: 13 January 2021

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

1. General information

RLG International Limited is a Limited Liability company incorporated in Scotland. The registered office is Commerical House, 2 Rubislaw Terrace, Aberdeen. The company's principal activity is the provision of performance improvement consultancy.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company has net current liabilities of £464,268 (2019 - £471,215) and net liabilities of £173,977 (2019 - net assets of £51,617). Included within creditors is amounts due to group undertakings of £802,607. The parent undertaking, RLG International Inc, has confirmed that it will continue to provide financial support to the company and this balance will not be called for repayment until there is suitable levels of working capital. Accordingly the directors believe it is appropriate to continue to prepare the accounts on a going concern basis.

In arriving at this conclusion, the directors have given due consideration to the impact of the worldwide Covid-19 pandemic on future operations and the ability of the company to continue to as a going concern. The directors recognise that the situation remains highly fluid and as a result making accurate forecasts on the likely implications is difficult but the directors do recognise that trading over the coming months is likely to be adversely affected.

Despite this, the directors remain confident that the company can continue to operate as a going concern. This assessment is based on the understanding that the company and the wider group will continue to trade over the coming months, albeit it at a potentially reduced level than was initially anticipated. This, along with making use of government measures to support businesses and the retained reserves of the wider group will allow the company to continue to meet its obligations as they fall due and operate as a going concern.

As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes

2.4 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Tenants' improvements	-	10%	Straight line
Fixtures & fittings	-	20%	reducing balance
Office equipment	-	20%	reducing balance
Computer equipment	-	25%	reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Accounting policies (continued)

2.12 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

3. Employees

The average monthly number of employees, including directors, during the year was 12 (2019 - 15).

4. Tangible fixed assets

	Tenants improvements £	Fixtures & fittings £	Computer and office equipment £	Total £
Cost or valuation				
At 1 May 2019	28,005	56,499	131,323	215,827
Additions	-	-	2,840	2,840
	<hr/>			
	28,005			
At 30 April 2020	<hr/>	<hr/>	<hr/>	<hr/>
		56,499	134,163	218,667
Depreciation				
At 1 May 2019	26,601	49,790	116,604	192,995
Charge for the year on owned assets	1,404	1,342	3,835	6,581
	<hr/>			
	28,005			
At 30 April 2020	<hr/>	<hr/>	<hr/>	<hr/>
		51,132	120,439	199,576
Net book value				
	<hr/>			
At 30 April 2020	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,367	13,724	19,091
	<hr/>			
	1,404			
At 30 April 2019	<hr/>	<hr/>	<hr/>	<hr/>
		6,709	14,719	22,832

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

5. Investment property

	Freehold investment property £
Valuation	
At 1 May 2019	500,000
	<hr/>
At 30 April 2020	500,000
	<hr/> <hr/>

The freehold investment property owned by the company was valued by an external valuer, J & E Shepherd Chartered Surveyors, on 3 February 2020 at £515,000. The director has considered the potential impact that the Covid-19 pandemic and its impact on the local property market will have on this valuation and has therefore held the value in the financial statements at £500,000 based on a prior valuation in 2019. It is too early to fully assess any impact on the local property market and therefore a further external valuation has not been carried out at this stage however the director will monitor the position and obtain an appropriate valuation for future periods.

6. Debtors

	2020 £	2019 £
Trade debtors	218,757	691,210
Other debtors	2,248	28,384
Prepayments and accrued income	41,000	114,823
Deferred taxation	98,966	37,513
	<hr/>	<hr/>
	360,971	871,930
	<hr/> <hr/>	<hr/> <hr/>

7. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	121,051	321,065
	<hr/>	<hr/>

8. Security

The bank hold a bond and floating charge over the assets of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	17,979	48,751
Amounts owed to group undertakings	802,607	1,181,868
Corporation tax	14,788	45,939
Taxation and social security	21,979	141,097
Other creditors	-	4,167
Accruals and deferred income	88,937	242,388
	<u>946,290</u>	<u>1,664,210</u>

10. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>121,051</u>	<u>321,065</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

11. Deferred taxation

	2020 £	2019 £
At beginning of year	37,513	83,268
Charged to profit or loss	61,453	(45,755)
At end of year	<u>98,966</u>	<u>37,513</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	2,969	2,902
Tax losses carried forward	(76,920)	(30,654)
Short term timing differences	(25,015)	(9,761)
	<u>98,966</u>	<u>37,513</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

12. Provisions

	Restructuring provision £
Charged to profit or loss	228,800
At 30 April 2020	<u><u>228,800</u></u>

On March 19, 2020, the Company announced a restructuring program to re-size the Company's workforce and to make necessary reductions to cash outflows following the impact of the COVID-19 pandemic on the results from operations. The restructuring program includes measures to reduce the size of the Company's workforce and maintain partial salary payments for employees who will not be utilized on billable assignments for an extended period of time. The estimated costs of the restructuring program are based on actual costs incurred to the date of approval of these consolidated financial statements and management's best estimate of future costs related to workforce reductions and payments to unassigned employees.

13. Related party transactions

During the year the company was a wholly owned subsidiary of RLG International Inc. The results of the company are included within the consolidated financial statements of RLG International Inc.

The company has taken advantage of the exemption given by section 1AC.35 of Financial Reporting Standard 102 which allows exemption from disclosure of related party transactions with other group companies.

14. Controlling party

The company's ultimate parent company is RLG International Inc, a company registered in Canada. The largest and smallest group in which the results of the company are consolidated is that headed by RLG International Inc. The consolidated accounts of this company may be requested from RLG International Inc, 2800 - 4710 Kingsway, Burnaby, British Columbia, Canada.

15. Auditors' information

The auditors' report on the financial statements for the year ended 30 April 2020 was unqualified.

The audit report was signed on 19 January 2021 by Christopher Masson (Senior statutory auditor) on behalf of Anderson Anderson & Brown Audit LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.