

RSBG UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



RSBG UK Limited

Company Information

Directors	J B Grady S Carter
Secretary	L S Roberts
Company number	09592767
Registered office	5th Floor 85 Strand London WC2R 0DW
Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

RSBG UK Limited

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RSBG UK Limited

Strategic Report

For the year ended 31 December 2021

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

The principal activities of the Group during the year encompassed all disciplines of architecture, consulting engineering and project management, including specialist areas such as mechanical and electrical, building structures, civil engineering, land development and regeneration infrastructure, traffic & transportation rail, intelligent transportation systems, fire engineering, waste management, water, wastewater and environmental engineering, sustainable development, facilities management and property services. The Group also undertook research, brand strategy and design consultancy services.

Fair review of the business

The performance of the group in the financial year is considered successful in an uncertain economic climate with EBITDA of £5,328k (2020: £5,119k).

The UK Brexit transition period ended on 31 December 2020 with new rules applying from 1 January 2021. Furthermore, the UK entered its third national lockdown on 6 January 2021. Our organisation's quick response and agile working maturity, alongside its strong foundation of business continuity and risk planning, helped to deliver another successful year.

Our strategic goal over the previous three years (2019 to 2021) has been one of business improvement; strengthening the underlying foundations of our businesses in preparation for a period of significant growth. These improvement activities have focussed on a combination of our internal business services (employee-relations, learning and development, communications), our operational structures (digital delivery investments, quality assurance and innovation practices), and our corporate social responsibility (sustainability, net zero carbon, diversity, and inclusion). The reinforcement of these underlying values and principles, sets the tone for our next step, looking increasingly externally at our clients, markets, and sectors to grow.

Externally, despite some sectors seeing considerable disruption over the past 12 months our primary markets remain strong. Our business model focuses on the provision of professional consultancy and engineering services, primarily within the UK. We generate and preserve value through the provision of high-quality advice and gaining a truly in-depth understanding of our clients and supporting them through the delivery and realisation of their strategic objectives. We seek to maintain a blend of public and private sector workstreams, diversified across sectors, disciplines, and regions. We continue to focus on key clients with whom we have a strong history of repeat business; underpinning our value proposition and underpinned by long/medium-term framework contracts wherever possible, thereby minimising the risk of short-term competition or pricing pressures. We are highly selective when it comes to international opportunities, tending to work on Sovereign Fund sponsored projects.

Each of our principal UK offices hold long/medium-term framework contracts which provide core profitability and cash flow, and which provides our long-term foundation for growth. These include Homes England, National Highways, Network Rail, West Midlands Combined Authority, Transport for London, Transport for Greater Manchester, Notting Hill Genesis, Severn Trent Water, Wessex Water, NHS Shared Business Services, as well as various Local Authorities such as East Riding of Yorkshire Council and Birmingham City Council.

Over the 2021 period, we have worked on several large-scale projects, most notably the Midland Metro Alliance, Hoo Station for Medway Council, O2 Finchley Road for Landsec, York Outer Ring Road for the City of York Council, M1 Junctions 13 to 16 for National Highways, the redevelopment of Kensington Olympia for Yoo Capital, Asset Management Plan (AMP) 7 for Severn Trent and Aerodrome Surveys for the DIO, Brighton 3Ts scheme to rejuvenate the Royal Sussex County Hospital site, MEP design on 40.5MW Data Centre in Ajax Avenue, Slough, and New Landport mixed-use urban regeneration scheme with Portsmouth City Council.

RSBG UK Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Overall, our businesses have performed well during the year, largely due to the dedication and resilience of our staff and our inclusive and engaging culture. The outlook for the next financial year and beyond is stable, reflecting a strong order book. As previously mentioned, our next phase of business strategy is centred around the topic of growth; seeking to capitalise on the opportunity created by “market shift”; specifically around the increasing importance of climate change (asset life extension, environmental engineering and sustainability consulting) as well as societal and demographic change (the effect of the ‘new normal’ and an increased awareness of social value and wellbeing on transport, urban/town centres, logistics and land development priorities). In maximising the potential of these opportunities, we will continue to build upon and add to our successful collaborative relationships, differentiating ourselves from our competitors through our high-quality and innovative service offering.

Principal risks and uncertainties

The primary trends and factors with the potential for affecting the business primarily arise from external factors. COVID-19 and Brexit, alongside the economic impact from both, remains the greatest risk to short term investment in both public and private sector markets. The government’s commitment to spending – in particular with regards the north of England (i.e. ‘levelling up’) and around the tackling of the climate and biodiversity emergency – will be tested at both national and regional levels. These trends present both risk and opportunity to our businesses and our response must be to retain an agile, efficient, and well-diversified business model and strategy to weather such uncertainty. A cornerstone of our strategy is supporting our staff: as a professional consultancy, we believe a motivated, knowledgeable, and empowered talent pool helps them, and by extension our businesses, excel in a fast-changing world. Similarly, longer-term, the climate and biodiversity emergency present a significant threat to our business, the construction industry, the UK, and the wider world. This means companies such as ours must act now as well as challenging our peers and partners on their own practices and commitments.

Talent Acquisition & Retention: Towards the tail end of 2021, the recruitment market in the UK began to present itself as a significant risk. Skills shortages due to Brexit, emigration and re-training have hit almost all engineering specialisms in the UK and these have compounded with a post-COVID work-life balance reflection from many and the harsh reality of external economic factors such as inflation. Failure to recruit and retain top quality staff would constrain our growth and prevent us achieving our potential. We must compete with a large number of other organisations to recruit and retain the best of the available talent. We have continued to target our recruitment towards individuals who bring high levels of technical knowledge combined with a shared set of values that align with our own. We monitor staff churn, utilisation and our committed resource requirements going forward on a continual basis. Our voluntary staff turnover has increased since the uncharacteristically lows of 2020 – likely due to COVID – but is noticeably lower than that of some of our competitors. This is achieved through: salary and benefits benchmarking, our learning and development culture, a commitment to continuous professional development, strong internal communications practices, and the integration of our values throughout our policies, procedures and practices.

Economic: We monitor economic indicators and sentiment in the markets in which we operate. We expect to experience continued volatility across markets as the wider economic challenges of borrowing and inflation in the UK flows down. However, as a financially strong group we are capable of withstanding instability, and our ability to take a long-term view of both risks, opportunities, and resilience, we are well placed to weather such volatility.

Environment & Sustainability: The UK construction industry is the largest contributor to UK carbon but also provides the greatest opportunity for its reduction. As consultants, we have a responsibility to advise and support our clients to minimise and mitigate damage to the environment and are empowering our staff to do so via the launch of our Embodied Carbon for Structures tool amongst others. 2022 will see us continue to meet these challenges head on through additional training, thought leadership and the development of design tools to mitigate carbon and environmental impact.

RSBG UK Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Financial: Our long/medium-term framework contracts bring predictable cash flows into the foreseeable future. This, together with our existing balance sheet strength, and minimal exposure to foreign exchange rate movements, significantly mitigates financial risks to our business. For UK projects, we minimise working capital balances and avoid overexposure to non-payment risk and support the wider industry through our commitment to prompt supply chain payments. Finally, we continually monitor resource utilisation, profitability, invoicing and cash collection very closely to ensure strong financial KPIs.

Geo political: Political instability in the regions within which we operate can threaten our ability to deliver contractual services and receive payment as well as endangering the safety of our staff. We obtain the latest professional risk and security information before engaging in contracts in new geographies and continue to monitor the stability and seek professional advice in respect of the markets in which we trade.

Government Policy: We operate in a fluid and responsive environment which may be altered by government changes in regulation, procurement practices or policy and mitigate this by carefully monitoring policy trends. Notably, in respect of climate change recently, public procurement is being steered by government to ensure suppliers have a Carbon Reduction Plan and a net zero carbon commitment in place if they are to be awarded contracts over a specific value. Having already prepared a strategy and plan that responds to this, we were ahead of both the public announcement and its effect on public procurement procedure.

Competitive Landscape: We operate in a changeable competitive environment with consistent and considerable industry consolidation. We seek to mitigate this risk by regularly monitoring market developments and competitor activity and undertaking benchmarking processes. As well as a risk, competitor consolidation can also present an opportunity.

Health & Safety (H&S): Our business is concerned with the built environment, entailing significant safety risks to employees, clients, contractors and third parties. We take H&S seriously and ensure all staff are appropriately trained, and procedures are continuously reviewed and improved. The directors accept ultimate responsibility for the H&S and seek to ensure continual improvement in performance. We have also prioritised employee wellbeing (physical and mental) and safe and healthy home-based working over 2020 and 2021 – due to lockdown restrictions, and our training investments will now focus on the reintroduction of safe office-based working and site-based activities via our digital Learning Management System. We have successfully maintained an Accident Incident Rate (AIR) below our industry sector norm and, once again, there have been no Enforcement/Prohibition Notices, Offence Convictions or RIDDORs.

Physical & Data Security: Our business is dependent on the secure storage and transmission of data in either physical or electronic form. The risk of confidential data being mishandled, resulting in breach of contract, or the inappropriate release or loss of personal information of our clients or employees is significant. Because of this, our business systems will always be a target for crime, cyber or otherwise. We use appropriate physical security, secure networks, and encryption in order to protect data, with strong data protection business practices in place. We also train our staff on best practice in information security and confidentiality.

Digitisation: Separate to the risk of data integrity above is the effect of new/emerging technology on our traditional business model; much like e-commerce has disrupted the traditional high street. However, digital technology is also an opportunity. Due to our size, we can be more agile and therefore be earlier adopters of new ways of working and delivering. We were an earlier adopter of BIM and continue to see the potential in integrating a personable, relationship-based consultancy service with the speed and efficiency of automation and/or machine-learning techniques for solving problems. We continually monitor digital trends, carefully interrogate new/emerging technologies and their likelihood of disruption and/or commoditisation of our services and, where relevant, seek to adopt them quickly and re-orient our business model to suit.

Reputational risk: Our business is built on repeat business with key clients. Reputational damage could impact our ability to win future work or indeed damage these long-term relationships. We mitigate this by managing our contractual commitments and ensuring we operate robust cost and project management systems.

RSBG UK Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Corporate Social Responsibility (CSR)

We are committed to corporate transparency on broader matters and believe it indicates our ability to generate and preserve value over the long term, and to assess the management of risks which may impact the sustainability of our businesses or affect society more broadly. We present below the development, performance, and position of our business on these key matters.

- **Corporate Social Responsibility:** The current policy remains in place, but in 2022 it will be refreshed to bring together the strands of CSR, developed over the past 18 months.
- **Equality, Diversity & Inclusion (EDI):** Our Equal Opportunities policy was reviewed, refreshed and re-launched in 2021 as an EDI Policy to reflect the EDI strategy, launched late in 2020. Since then, an employee-led EDI Action Group has been set up, empowered to develop, and deliver initiatives to improve EDI in the business and our industry more widely.
- **Social Value:** In 2021 we launched our social value strategy and commenced working on the development and delivery of procedures and process to support the business and its people in delivering a positive impact on the communities within which we work. The new Social Value policy is due to be launched in 2022.
- **Health & Wellbeing:** Operation of a wellbeing strategy to support our people, including access to independent advisors and specialists via an EAP service continues, along with the provision of mental health first aiders.
- **Sustainability, Environment & Carbon:** Sustainability strategy, refreshed sustainability policy, and a Carbon Reduction Plan, were all launched in 2021 with the focus of the 2022 activities being on the prioritisation, planning and delivery of actions to further these commitments and support our people.

We continue to operate, monitor, and review the corporate policies of our businesses in this space, including: Alcohol, Drug & Substance Abuse, Anti-Bribery, Anti-Slavery & Human Trafficking, Criminal Facilitation of Tax Evasion, Fatigue Management & Working Hours, Modern Slavery and Whistle Blowing.

Key Performance Indicators (KPIs)

The directors use a range of performance measures to monitor and manage the business. A number of these measures are particularly important in the generation of shareholder value, thus are considered KPIs. Our KPIs monitor past performance which not only provides us with information to manage the business in the present, but also enables us to make informed choices regarding future strategic decisions. Turnover, gross profit margin and EBITDA are monitored closely. KPIs for the year ended 31 December 2021 are turnover of £76.8m (2020: £75.0m), gross profit margin of 31.9% (2020: 33.3%) and EBITDA of £5.3m (2020: £5.1m).

RSBG UK Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Statement by the directors relating to their statutory duties under section 172(1) of the Companies Act 2006

The directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Interests of the group's employees;
- Need to foster the group's business relationships with suppliers, customers and others;
- Impact of the group's operations on the community and the environment;
- Desirability of the group maintaining a reputation for high standards of business conduct;
- Need to act fairly as between members of the group.

Stakeholders

The directors understand the importance of engagement with all of their stakeholders and give appropriate weighting to the outcome of their decisions for the relevant stakeholder in weighing up how best to promote the success of the group. The directors regularly discuss issues concerning customers, suppliers, employees, community and environment and their shareholders, which it takes into account in its discussions and in its decision-making process. In addition to this, the directors seek to understand the interests and views of the group's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and the engagement with each:

Customers

The directors are in regular contact with their customers, including to obtain feedback on matters such as quality of customer service. The group works closely with its customers to achieve long term client satisfaction through bespoke service delivery.

Suppliers

The group works with a range of suppliers and remains committed to being fair and transparent in dealings with all suppliers. The group has, where relevant, procedures in place requiring due diligence of suppliers as to their internal governance, including for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters. The group has systems and processes in place to ensure suppliers are paid in a timely manner.

Employees

The group has a well-established management reporting structure which encourages employee engagement in an open working environment. The directors are responsible for ensuring that this structure enables effective communication and feedback between employees and management.

Community and environment

The directors are aware of the impact its activities can have on the environment, and is committed to minimising the group's environmental footprint.

Shareholders

The directors also seek to behave in a responsible manner towards its shareholders. The directors communicate information relevant to its shareholders, such as its financial reporting information, in the form and frequency agreed between the parties.

RSBG UK Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Streamlined Energy and Carbon Reporting

The group and company are exempt from disclosing information relating to energy and carbon reporting on the basis that no individual subsidiary qualifies as large and the parent company has emissions under 40,000 kWh per year.

On behalf of the board



.....
J B Grady

Director

25/03/2022
.....

RSBG UK Limited

Directors' Report

For the year ended 31 December 2021

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

Directors

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

T S Prabhu	(Resigned 30 September 2021)
J B Grady	
J Wild	(Resigned 28 May 2021)
S Carter	

Results and dividends

The group results for 2021 are considered successful in a challenging economic climate with EBITDA of £5,328,376 (2020: £5,119,389). Throughout the year the group maintained strong cash flows reflecting the high level of financial management controls provided by our systems and processes.

Ordinary dividends were paid amounting to £2,000,000 (2020: £1,587,176). The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

RSBG UK Limited

Directors' Report (Continued)

For the year ended 31 December 2021

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 auditor of the company 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 auditor of the group is aware of that information.

On behalf of the board



.....
J B Grady

Director

Date: 25/03/2022

RSBG UK Limited

Directors' Responsibilities Statement

For the year ended 31 December 2021

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 group and company, and of the profit or loss of the group 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RSBG UK Limited

Independent Auditor's Report

To the Members of RSBG UK Limited

Opinion

We have audited the financial statements of RSBG UK Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company 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 group's and the parent company's affairs as at 31 December 2021 and of its loss 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 group 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 group's and parent 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.

RSBG UK Limited

Independent Auditor's Report (Continued)

To the Members of RSBG UK Limited

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.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

RSBG UK Limited

Independent Auditor's Report (Continued)

To the Members of RSBG UK Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSBG UK Limited

Independent Auditor's Report (Continued)

To the Members of RSBG UK Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

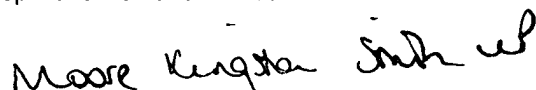
Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.



Rebecca Shields (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 29 March 2022

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

RSBG UK Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	76,758,935	74,960,951
Cost of sales		(52,247,253)	(50,011,844)
Gross profit		24,511,682	24,949,107
Administrative expenses		(25,540,519)	(26,605,865)
Other operating income		887,176	1,209,861
Operating loss	4	(141,661)	(446,897)
Comprising of:			
Operating profit before depreciation and amortisation (EBITDA)		5,328,376	5,119,389
Depreciation and amortisation		(5,470,037)	(5,566,286)
		(141,661)	(446,897)
Interest receivable and similar income	8	62,431	42,514
Interest payable and similar expenses	9	(46,490)	(83,177)
Loss on disposal of subsidiary	25	(450,000)	(324,861)
Fair value (loss)/gain on financial instruments	10	(112,719)	93,955
Loss before taxation		(688,439)	(718,466)
Tax on loss	11	(2,708,212)	(347,659)
Loss for the financial year		(3,396,651)	(1,066,125)
Other comprehensive income			
Currency translation differences		(78,751)	(107,591)
Total comprehensive income for the year		(3,475,402)	(1,173,716)

The Group Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

RSBG UK Limited

Group Statement Of Financial Position

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13	47,105,680		51,799,054	
Tangible assets	14	1,559,541		1,338,509	
		<u>48,665,221</u>		<u>53,137,563</u>	
Current assets					
Debtors	17	29,870,329		29,652,297	
Cash at bank and in hand		6,028,288		6,125,199	
		<u>35,898,617</u>		<u>35,777,496</u>	
Creditors: amounts falling due within one year	18	<u>(16,165,341)</u>		<u>(52,190,953)</u>	
Net current assets/(liabilities)			19,733,276		(16,413,457)
Total assets less current liabilities			<u>68,398,497</u>		<u>36,724,106</u>
Provisions for liabilities					
Provisions	21	(1,695,871)		(1,266,043)	
Deferred tax liability	22	<u>(7,077,650)</u>		<u>(5,217,413)</u>	
			<u>(8,773,521)</u>		<u>(6,483,456)</u>
Net assets			<u><u>59,624,976</u></u>		<u><u>30,240,650</u></u>
Capital and reserves					
Called up share capital	24		3,457		3,457
Share premium account	24		42,059,171		7,199,443
Foreign exchange reserve			(247,121)		(168,370)
Other reserves			36,614,050		36,614,050
Profit and loss reserves			<u>(18,804,581)</u>		<u>(13,407,930)</u>
Total equity			<u><u>59,624,976</u></u>		<u><u>30,240,650</u></u>

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



.....
J B Grady 25/03/2022
Director

RSBG UK Limited


Company Statement Of Financial Position

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13	1,067,800		1,174,741	
Tangible assets	14	29,587		37,877	
Investments	15	37,352,794		34,312,836	
		<u>38,450,181</u>		<u>35,525,454</u>	
Current assets					
Debtors	17	9,661,070	14,112,786		
Cash at bank and in hand		314,561	-		
		<u>9,975,631</u>	<u>14,112,786</u>		
Creditors: amounts falling due within one year	18	<u>(5,551,137)</u>	<u>(41,414,414)</u>		
Net current assets/(liabilities)		<u>4,424,494</u>		<u>(27,301,628)</u>	
Total assets less current liabilities		<u>42,874,675</u>		<u>8,223,826</u>	
Provisions for liabilities	21	<u>(88,750)</u>		<u>(118,846)</u>	
Net assets		<u><u>42,785,925</u></u>		<u><u>8,104,980</u></u>	
Capital and reserves					
Called up share capital	24	3,457		3,457	
Share premium account	24	42,059,171		7,199,443	
Profit and loss reserves		723,297		902,080	
Total equity		<u><u>42,785,925</u></u>		<u><u>8,104,980</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,821,217 (2020: £2,692,472).

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



 J B Grady 25/03/2022
 Director

Company Registration No. 09592767

RSBG UK Limited

Group Statement of Changes in Equity

For the year ended 31 December 2021

		Share capital	Share premium account	Foreign exchange reserves	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£	£	£
Balance at 1 January 2020		3,457	7,199,443	(60,779)	37,520,548	(11,661,127)	33,001,542
Year ended 31 December 2020:							
Loss for the year		-	-	-	-	(1,066,125)	(1,066,125)
Dividends	12	-	-	-	-	(1,587,176)	(1,587,176)
Transfer on disposal of subsidiary		-	-	-	(906,498)	906,498	-
Currency translation differences		-	-	(107,591)	-	-	(107,591)
Balance at 31 December 2020		3,457	7,199,443	(168,370)	36,614,050	(13,407,930)	30,240,650
Year ended 31 December 2021:							
Loss for the year		-	-	-	-	(3,396,651)	(3,396,651)
Issue of share capital	24	-	34,859,728	-	-	-	34,859,728
Dividends	12	-	-	-	-	(2,000,000)	(2,000,000)
Currency translation differences		-	-	(78,751)	-	-	(78,751)
Balance at 31 December 2021		3,457	42,059,171	(247,121)	36,614,050	(18,804,581)	59,624,976

RSBG UK Limited

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020		3,457	7,199,443	(203,216)	6,999,684
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	2,692,472	2,692,472
Dividends	12	-	-	(1,587,176)	(1,587,176)
Balance at 31 December 2020		3,457	7,199,443	902,080	8,104,980
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,821,217	1,821,217
Issue of share capital	24	-	34,859,728	-	34,859,728
Dividends	12	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2021		3,457	42,059,171	723,297	42,785,925

RSBG UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

RSBG UK Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 5th Floor, 85 Strand, London, WC2R 0DW.

The group consists of RSBG UK Limited and all of its subsidiaries.

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. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- 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': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; 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 information is included in the consolidated financial statements of RAG-Stiftung, a company registered in Germany, as at 31 December 2021, and these financial statements may be obtained from RAG-Stiftung, Ruttenscheider Strasse 1 -3, 45128 Essen, Germany.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of RSBG UK Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

In 2020 the directors initiated robust business continuity plans in response to the COVID-19 pandemic which continued into 2021. The secured workload has largely remained unaffected at this stage by either short term financial decisions or by practical limitations brought about from changing work patterns. The group have a large number of contracts with Public Sector clients which are all expected to proceed as planned. Contracts held with private clients are predominantly with large corporates who are more resilient and are still planning on proceeding with those projects.

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the impacts of the COVID-19 pandemic and have concluded that there is no significant impact to the going concern status of the group. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business 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.

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.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business combination are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. All intangible fixed assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years.

1.8 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:

Short-term leasehold property	Over the term of the lease
Fixtures and fittings	25% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

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 recognised in the income statement.

1.9 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.10 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.11 Cash at bank and in hand

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.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.12 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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 group 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 group after deducting all of its liabilities.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

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 if, and only if, there is 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.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 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.

1.17 Retirement benefits

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

1.18 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

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 leased asset are consumed.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Contingent consideration

As part of the acquisition process, a forecast is prepared which projects the financial performance of the business over the expected earn-out period. These forecasts are reviewed and updated based on actual performance. Part of the cost of the acquisition is sometimes dependent on the trading performance of the acquired business following the transaction. The contingent consideration is based on these estimates of the future performance of the acquired business at the date of the acquisition. The contingent consideration is classified as a financial liability, measured at fair value.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent changes in these estimates would affect the amount of goodwill recognised.

Intangible asset valuation

In attributing value to intangible assets arising on acquisition, management has made certain assumptions in terms of cash flows attributable to intellectual property and customer relationships. The key assumptions relate to the trading performance of the acquired business, royalty rates applied in the royalty relief calculation and discount rates applied to calculate the present value of future cash flows.

Goodwill and Intangible asset amortisation

The Group recognises a significant amount of goodwill and intangible assets. Management have estimated the useful economic life to be between 14 to 17 years. This based on forecasting prepared for the cash generating unit to which the assets relate.

Accrued income

Accrued income is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date. This is compared to the total time expected to be required to undertake the contract. Judgements of the total time required to undertake the contracts are made on a regular basis and subject to management review. These judgements may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Trade debtors

An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the Company's customers to make required payments.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3 Turnover and other income

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	75,036,109	67,055,695
Rest of Europe	786,563	729,828
Rest of the World	936,263	7,175,428
	<u>76,758,935</u>	<u>74,960,951</u>

	2021 £	2020 £
Other significant income		
Other operating income	553,776	414,256
R&D tax credit	264,411	332,918
Furlough grants claimed	68,989	462,687
	<u></u>	<u></u>

4 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(100,937)	85,828
Depreciation of owned tangible fixed assets	723,266	716,721
Loss/(profit) on disposal of tangible fixed assets	20,171	(455)
Amortisation of intangible assets	4,746,773	4,849,565
Operating lease charges	1,874,759	2,268,933
	<u></u>	<u></u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	107,185	98,000
	<u></u>	<u></u>
For other services		
Taxation compliance services	26,495	26,600
All other non-audit services	35,270	36,600
	<u>168,950</u>	<u>161,200</u>

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management	33	36	4	4
Administration	104	137	26	26
Operational	632	721	-	-
	<u>769</u>	<u>894</u>	<u>30</u>	<u>30</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	39,768,200	40,026,277	2,815,001	2,589,292
Social security costs	4,263,015	4,247,819	358,737	278,493
Pension costs	2,209,095	2,418,006	149,133	129,080
	<u>46,240,014</u>	<u>46,692,102</u>	<u>3,322,871</u>	<u>2,996,865</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	900,950	677,841
Company pension contributions to defined contribution schemes	15,900	9,900
	<u>916,850</u>	<u>687,741</u>

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

	2021 £	2020 £
Remuneration for qualifying services	434,068	310,382
Company pension contributions to defined contribution schemes	9,150	-
	<u>443,218</u>	<u>310,382</u>

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	8,587
Other interest income	62,431	42,514
Total income	62,431	42,514

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	79	10,572
Interest payable to group undertakings	45,718	48,565
Other interest on financial liabilities	450	11,706
	46,247	70,843
Other finance costs:		
Interest on finance leases and hire purchase contracts	243	12,334
Total finance costs	46,490	83,177

10 Fair value (loss)/gain on financial instruments

	2021 £	2020 £
Fair value (loss)/gain on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(112,719)	93,955

11 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	831,727	834,083
Adjustments in respect of prior periods	(53,777)	(15,642)
Total UK current tax	777,950	818,441
Foreign current tax on profits for the current period	70,050	-
Total current tax	848,000	818,441

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

11 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	(695,996)	(470,782)
Changes in tax rates	2,556,208	-
Total deferred tax	<u>1,860,212</u>	<u>(470,782)</u>
Total tax charge for the year	<u>2,708,212</u>	<u>347,659</u>

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

	2021 £	2020 £
Loss before taxation	<u>(688,439)</u>	<u>(718,466)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	(130,803)	(136,509)
Tax effect of expenses that are not deductible in determining taxable profit	47,555	60,725
Tax effect of utilisation of tax losses not previously recognised	-	(115,529)
Adjustments in respect of prior years	(53,777)	(15,642)
Group relief	(13,279)	(117,649)
Permanent capital allowances in excess of depreciation	(150,067)	(114,501)
Depreciation on assets not qualifying for tax allowances	167,325	124,493
Amortisation on assets not qualifying for tax allowances	142,263	425,479
Adjustments in respect of financial assets	21,417	(17,851)
Research and development tax credit	(50,238)	(59,351)
Other non-reversing timing differences	4,779	(10,682)
Effect of overseas tax rates	81,329	262,952
Effect of change in tax rates of deferred tax	2,556,208	-
Loss on disposal of subsidiary	85,500	61,724
Taxation charge for the year	<u>2,708,212</u>	<u>347,659</u>

12 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Final paid	<u>2,000,000</u>	<u>1,587,176</u>

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 Intangible fixed assets

Group	Goodwill £	Computer software £	Order books £	Customer relationships £	Trademarks £	Total £
Cost						
At 1 January 2021	28,079,567	1,592,870	1,770,047	25,520,996	16,342,941	73,306,421
Additions	-	53,399	-	-	-	53,399
At 31 December 2021	28,079,567	1,646,269	1,770,047	25,520,996	16,342,941	73,359,820
Amortisation and impairment						
At 1 January 2021	8,233,109	413,130	1,770,047	6,417,995	4,673,086	21,507,367
Amortisation charged for the year	1,799,471	163,491	-	1,725,169	1,058,642	4,746,773
At 31 December 2021	10,032,580	576,621	1,770,047	8,143,164	5,731,728	26,254,140
Carrying amount						
At 31 December 2021	18,046,987	1,069,648	-	17,377,832	10,611,213	47,105,680
At 31 December 2020	19,846,458	1,179,740	-	19,103,001	11,669,855	51,799,054

Goodwill, order books, customer relationships and trademarks arose on the purchase of businesses in prior years.

The intangible assets are being amortised over their useful economic lives as detailed in the accounting policies.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 Intangible fixed assets		(Continued)
Company	Computer software	£
Cost		
At 1 January 2021	1,461,220	
Additions	53,399	
	<hr/>	
At 31 December 2021	1,514,619	
	<hr/>	
Amortisation and impairment		
At 1 January 2021	286,479	
Amortisation charged for the year	160,340	
	<hr/>	
At 31 December 2021	446,819	
	<hr/>	
Carrying amount		
At 31 December 2021	1,067,800	
	<hr/>	
At 31 December 2020	1,174,741	
	<hr/>	

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

14 Tangible fixed assets

Group	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2021	662,032	1,514,614	2,174,850	28,869	4,380,365
Additions	248,307	138,989	617,952	-	1,005,248
Disposals	(80,683)	(139,633)	(399,992)	(23,993)	(644,301)
Transfers	-	(784,725)	784,725	-	-
Exchange adjustments	(857)	(12,692)	(4,728)	(75)	(18,352)
At 31 December 2021	828,799	716,553	3,172,807	4,801	4,722,960
Depreciation and impairment					
At 1 January 2021	444,630	1,219,235	1,352,403	25,588	3,041,856
Depreciation charged in the year	120,357	125,353	477,088	468	723,266
Disposals	(80,683)	(118,779)	(372,280)	(22,601)	(594,343)
Transfers	-	(683,368)	683,368	-	-
Exchange adjustments	(857)	(5,964)	(470)	(69)	(7,360)
At 31 December 2021	483,447	536,477	2,140,109	3,386	3,163,419
Carrying amount					
At 31 December 2021	345,352	180,076	1,032,698	1,415	1,559,541
At 31 December 2020	217,402	295,379	822,447	3,281	1,338,509

Company	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2021	1,000	64,485	65,485
Additions	-	8,396	8,396
At 31 December 2021	1,000	72,881	73,881
Depreciation and impairment			
At 1 January 2021	375	27,233	27,608
Depreciation charged in the year	250	16,436	16,686
At 31 December 2021	625	43,669	44,294
Carrying amount			
At 31 December 2021	375	29,212	29,587
At 31 December 2020	625	37,252	37,877

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	16	-	-	37,352,794	34,312,836

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2021	34,312,836
Additions	3,039,958
At 31 December 2021	37,352,794
Carrying amount	
At 31 December 2021	37,352,794
At 31 December 2020	34,312,836

The company increased its investment in its subsidiary Urban:Kind Limited by £3,039,958 during the year.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	% Held	
			Direct	Indirect
4way Consulting Ltd	UK	Consulting engineering	-	100.00
Decas (Asia) Inc	Philippines	Consulting engineering	-	100.00
Desco (2011) Ltd	UK	Holding company	-	100.00
Desco (Design and Consultancy) Ltd	UK	Consulting engineering	-	100.00
Desco Qatar Mechanical and Electrical Consulting Engineers WLL	Qatar	Non-trading	-	49.00
Frischmann Prabhu India Design Services India Pvt		Consulting engineering	99.90	-
Leslie Jones Architects Limited	UK	Architectural services	-	100.00
MBC Group Limited	UK	Holding company	100.00	-
McBains Consulting Limited	UK	Holding company	-	100.00
McBains Cooper Consulting Limited	UK	Non-trading	-	100.00
McBains Cooper Hellas Technical Consulting S.A.	Greece	Property consultancy	-	100.00
McBains Cooper International Limited	UK	Holding company	-	100.00
McBains Cooper Limited	UK	Holding company	-	100.00
McBains Cooper Mexico, S.A. de C.V.	Mexico	Dormant	-	100.00
McBains Limited	UK	Property consultancy	-	100.00
McBains Cooper Mexico Servicios SA de C.V.	Mexico	Dormant	-	100.00
Pell Frischmann Consultants Limited	UK	Consulting engineering	-	100.00
Pell Frischmann Consulting Engineers Limited	UK	Consulting engineering	100.00	-
Pell Frischmann Information Technology Limited	UK	Non-trading	-	99.90
Pell Frischmann Brown Beech Consulting Engineers Limited	UK	Dormant	100.00	-
Urban:Kind Limited	UK	Holding company	100.00	-
The Yard Creative Limited	UK	Research, strategy and design services	-	100.00

4way Holding Limited was dissolved during the year.

The registered office for each subsidiary is available from the company secretary at the registered office of the company.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

17 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	14,795,734	14,173,277	-	-
Accrued income	5,791,740	4,212,867	-	-
Corporation tax recoverable	609,110	1,221,539	-	-
Amounts owed by group undertakings	6,130,145	6,537,058	9,539,572	12,916,340
Derivative financial instruments	23,714	93,955	23,714	93,955
Other debtors	302,570	1,494,123	18,156	1,023,631
Prepayments	2,217,316	1,909,104	79,628	78,860
	29,870,329	29,641,923	9,661,070	14,112,786
Deferred tax asset (note 22)	-	10,374	-	-
	29,870,329	29,652,297	9,661,070	14,112,786

Trade debtors are stated after provision for impairment of £1,520,462 (2020: £930,357).

Derivative financial instruments represents the fair value of a foreign exchange swap.

18 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	19	-	9,882	-	1,339,571
Obligations under finance leases	20	-	2,352	-	-
Trade creditors		1,897,483	1,817,777	64,526	38,758
Amounts owed to group undertakings		-	31,019,704	4,041,644	33,731,607
Corporation tax payable		279,081	433,451	-	-
Other taxation and social security		3,409,865	5,508,553	-	-
Other creditors		761,541	5,824,199	111,394	5,238,173
Accruals and deferred income		9,817,371	7,575,035	1,333,573	1,066,305
		16,165,341	52,190,953	5,551,137	41,414,414

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

19 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	-	9,882	-	-
Bank overdrafts	-	-	-	1,339,571
	-	9,882	-	1,339,571
Payable within one year	-	9,882	-	1,339,571

£nil (2020: £9,882) of bank loans outstanding relate to a fixed sum loan, payable over 48 months with effect from 23 April 2017. The loan is unsecured.

20 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	-	2,352	-	-

Finance lease payments represent rentals payable for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets.

21 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Dilapidations		779,220	526,446	78,750	47,500
Other provisions		916,651	739,597	10,000	71,346
		1,695,871	1,266,043	88,750	118,846
Deferred tax liabilities	22	7,077,650	5,217,413	-	-
		8,773,521	6,483,456	88,750	118,846

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

21 Provisions for liabilities

(Continued)

Movements on provisions apart from deferred tax liabilities:

	Dilapidations	Other provisions	Total
Group	£	£	£
At 1 January 2021	526,446	739,597	1,266,043
Additional provisions	313,654	376,879	690,533
Reversal of provision	-	(89,765)	(89,765)
Utilisation of provision	(58,412)	(109,744)	(168,156)
Foreign exchange differences	(2,468)	(316)	(2,784)
At 31 December 2021	779,220	916,651	1,695,871

			Total
Company	£	£	£
At 1 January 2021	47,500	71,346	118,846
Additional provisions	31,250	10,000	41,250
Utilisation of provision	-	(71,346)	(71,346)
At 31 December 2021	78,750	10,000	88,750

22 Deferred taxation

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

	Liabilities 2021	Liabilities 2020	Assets 2021	Assets 2020
Group	£	£	£	£
Capital allowance in excess of depreciation	235,209	124,747	-	-
Short term timing differences	(151,224)	(73,351)	-	-
Deferred tax balance on acquisitions	6,993,665	5,166,017	-	-
Employee benefit expense	-	-	-	10,374
	7,077,650	5,217,413	-	10,374

The company has no deferred tax assets or liabilities.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

22 Deferred taxation

(Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Net liability at 1 January 2021	5,207,039	-
Credit to profit or loss	(695,996)	-
Charge to other comprehensive income	10,399	-
Effect of change in tax rate - profit or loss	2,556,208	-
Net liability at 31 December 2021	7,077,650	-

The deferred tax balances set out above are not expected to reverse within 12 months. The deferred tax balances on acquisitions are expected to reverse by 31 December 2032.

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,209,095	2,418,006

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

Group and company	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of £0.0001 each	29,382,802	29,382,800	2,938	2,938
Ordinary B1 shares of £0.0001 each	4,350,000,000	4,350,000,000	435	435
Ordinary B2 shares of £0.0001 each	835,200	835,200	84	84
	4,380,218,002	4,380,218,000	3,457	3,457

All shares rank equally for dividends, entitlement to vote and to participate in a winding up.

1 Ordinary A share was issued to the parent company, RSBG Investment Holding Limited, on 15 October 2021 for £5,223,870.

1 Ordinary A share was issued to the parent company, RSBG Investment Holding Limited, on 22 December 2021 for £29,635,858.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

25 Disposals

On 31 December 2020 the group ceased to control its subsidiary Frischmann Prabhu India Project Management Consultancy Services Pvt, of which it owned 99.9% of the issued share capital.

The total consideration of £900,000 was satisfied by £450,000 cash and £450,000 deferred consideration. The deferred consideration is contingent on pre-agreed conditions based on the performance of the company after the disposal. It is the view of the directors that these conditions will not be met and therefore the deferred consideration was provided for in full in the current year.

26 Contingent liabilities

There are unquantified contingent liabilities in the normal course of business arising under consultancy contracts and the company is covered by professional indemnity insurance in respect of claims which the directors believe is adequate.

There is also an unlimited multilateral guarantee and debenture including fixed and floating charges over all assets between the company and its fellow group companies.

27 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £
Within one year	1,109,985	1,368,797
Between one and five years	2,126,167	328,127
	<u>3,236,152</u>	<u>1,696,924</u>

The company had no commitments under the non-cancellable leases as at the reporting date.

RSBG UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

28 Related party transactions

The Group has taken advantage of the requirements of Section 33 Related Party Disclosures 1A.

At the balance sheet date the Group had received loans from a former director amounting to £nil (2020: £5,223,872). There were no formal terms set with these loans and no interest was payable. During the year the loan balance increased by £101,203 before being discharged as part of a settlement which included a separate loan arrangement and a share sale between the former director and the immediate parent company. As a result of this, £101,203 was recognised as other operating income in the year. Dividends of £nil (2020: £238,076) were paid to the former director.

The Group sold a subsidiary to a relative of a director during the year for £nil (2020: £900,000). See note 25 for details of the disposal. At the balance sheet date the Group owed £nil (2020: £168,703) to the former subsidiary. As part of the sale agreement, a commercial loan facility was agreed between the parties of £2,500,000 and, during the year, the group made an advance of £900,000 (2020: £nil) to the former subsidiary under this loan agreement. Contingent consideration of £450,000 (2020: £nil) was dependent on the trading performance following the sale. Based on information obtained in the year, the directors concluded that the contingent consideration did not meet the recognition criteria of an asset and therefore the amount was provided for in the year in full.

29 Controlling party

The ultimate controlling party of the company is RAG-Stiftung, a company registered in Germany.

The largest and smallest group of undertakings which prepares consolidated financial statements including the company is RAG-Stiftung. These financial statements may be obtained from RAG-Stiftung, Ruttenscheider Strasse 1-3, 45128 Essen, Germany.