

Company Registration No. 09480860 (England and Wales)

RPG GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

RPG GROUP LIMITED

COMPANY INFORMATION

Directors	J.S. Brownson C.M. Poston P.R. Owen M.A. Chatten D Prais	(Appointed 31 March 2021)
Secretary	J.J. Redmond	
Company number	09480860	
Registered office	The Copper Room Deva City Office Park Trinity Way Manchester M3 7BG	
Auditor	Chadwick and Company (Manchester) Limited 272 Manchester Road Droylsden Manchester M43 6PW	

RPG GROUP LIMITED

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RPG GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The directors are pleased with the results for the year and the balance sheet position at 31 December 2020. They are confident that profitability will be maintained for the forthcoming year.

RPG Crouch Chapman LLP in which RPG Group Limited has a significant interest has performed in line with the expectation of the Members in 2020 and continues to strengthen and develop in the current year.

Principal risks and uncertainties

Risks affecting the company have been identified as falling into four categories:

- Financial: direct responsibility falls to the Chief Financial Officer
- Operational: direct responsibility falls to the Chief Executive
- Professional: falls under the leadership of the Chief Executive
- Strategic: considered by the Board of the holding company.

Financial and operational risks

The company has policies and procedures in place covering financial and non-financial operational activities. These include strict controls and procedures covering key processes, such as the expenditure that can be incurred by directors and staff on behalf of the company. The company has expenditure limits which are regularly reviewed by the Board and, depending on the type of expenditure, prior approval must be sought before expenditure can be incurred. The management of financial and operational risks falls to the Chief Financial Officer and Chief Executive respectively. The Board of the holding company is tasked with reviewing the management of these risks and reporting thereon to the Board.

Professional risk

The Chief Executive provides risk management and quality leadership, monitoring adherence to policies, procedures and professional standards and is supported by representatives from each of the company's client service functions. Quality assurance and independence are central to the services the company provides to its clients. Quality control policies and procedures in key areas have been established and are maintained by the company to ensure that it complies with relevant professional standards and regulatory requirements. The company's policies and procedures comply with the International Standard of Quality Control (ISQC) 1 issued by the International Auditing and Assurance Standards Board.

Development and performance

The RPG Group is well placed to deal with a challenging regulatory environment, particularly in respect of our audit business. We are well prepared to retain our existing audit clients, but this is also a great opportunity for our firm to win new audit clients. We see significant audit opportunities in the private company sector.

The strength of our business, though, is the balanced nature of our work and our ability to react to changing market opportunities. As well as providing services to our audit clients, this year 85% of our business came from clients we do not audit and we are in a strong position to provide an extensive range of services to them. We have invested in all areas of our portfolio for the medium and long term and all our businesses have good growth prospects.

RPG GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

We have made progress throughout the year in relation to key elements of our strategy.

The Board monitors the progress of the Group by reference to the following KPI's:

	2020	2019
Turnover	£4,615,849	£4,860,918
Net profit %	13%	12%
Salaries on sales %	31%	30%
Current ratio	0.90	0.78
Gearing	0.19	0.35
Days of amounts recoverable on contracts	47 days	43 days
Debtor days	57 days	57 days

We remain focused on maintaining and enhancing RPG's reputation within the accountancy profession.

By order of the board

J.J. Redmond
Secretary

6 September 2021

RPG GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The Group's principal activity is the provision of accountancy and other professional services.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

J.S. Brownson

C.M. Poston

P.R. Owen

M.A. Chatten

D Prais

(Appointed 31 March 2021)

Auditor

In accordance with the company's articles, a resolution proposing that Chadwick and Company (Manchester) Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the 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 company is aware of that information.

By order of the board

J.J. Redmond

Secretary

6 September 2021

RPG GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 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.

RPG GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RPG GROUP LIMITED

Opinion

We have audited the financial statements of RPG Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group profit and loss account, 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, the group statement of cash flows, the company statement of cash flows 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 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

RPG GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RPG GROUP 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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.

RPG GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RPG GROUP LIMITED

- At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and the group and how management seek to comply with them. This helps us to make appropriate risk assessments.
- During the audit we focus on relevant risk areas and review compliance with laws and regulations through making relevant enquiries and corroboration by, for example, reviewing Board Minutes and other documentation.
- We assess the risk of material misstatement in the financial statements including as a result of fraud and undertake procedures including:
 - I. Review of controls set in place by management
 - II. Enquiry of management as to whether they consider fraud or other irregularities may have occurred or where such opportunity might exist
 - III. Challenge of management assumptions with regard to accounting estimates
 - IV. Identification and testing of journal entries, particularly those which may appear to be unusual by size or nature.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements, or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we are less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

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

Michael Royle BA (Hons) FCA (Senior Statutory Auditor)
For and on behalf of Chadwick and Company (Manchester) Limited

Chartered Accountants
Statutory Auditor
272 Manchester Road
Droylsden
Manchester
M43 6PW
6 September 2021

RPG GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	4,615,848	4,860,918
Administrative expenses		(4,303,250)	(4,544,594)
Other operating income		234,135	6,000
Operating profit	5	546,733	322,324
Interest receivable and similar income	9	240,000	449,194
Interest payable and similar expenses	10	(165,922)	(205,887)
Profit before taxation		620,811	565,631
Tax on profit	11	(182,372)	(194,459)
Profit for the financial year		438,439	371,172

Profit for the financial year is all attributable to the owners of the parent company.

RPG GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	438,439	371,172
Other comprehensive income	-	-
Total comprehensive income for the year	<u>438,439</u>	<u>371,172</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

RPG GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		4,852,136		5,192,637
Tangible assets	13		60,664		66,852
Investments	14		2		2
			<u>4,912,802</u>		<u>5,259,491</u>
Current assets					
Debtors	17	1,673,838		1,737,268	
Cash at bank and in hand		411,610		518,841	
		<u>2,085,448</u>		<u>2,256,109</u>	
Creditors: amounts falling due within one year	18	<u>(2,318,264)</u>		<u>(2,901,224)</u>	
Net current liabilities			<u>(232,816)</u>		<u>(645,115)</u>
Total assets less current liabilities			<u>4,679,986</u>		<u>4,614,376</u>
Creditors: amounts falling due after more than one year	19		<u>(2,719,611)</u>		<u>(3,092,440)</u>
Provisions for liabilities					
Deferred tax liability	22	1,747		1,747	
		<u>1,747</u>	<u>(1,747)</u>	<u>1,747</u>	<u>(1,747)</u>
Net assets			<u>1,958,628</u>		<u>1,520,189</u>
Capital and reserves					
Called up share capital	24		100		100
Profit and loss reserves			<u>1,958,528</u>		<u>1,520,089</u>
Total equity			<u>1,958,628</u>		<u>1,520,189</u>

The financial statements were approved by the board of directors and authorised for issue on 6 September 2021 and are signed on its behalf by:

J.S. Brownson
Director

RPG GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	14		6,629,314		6,629,314
Current assets					
Debtors	17	580,890		-	
Creditors: amounts falling due within one year	18	(2,377,945)		(1,667,999)	
Net current liabilities			(1,797,055)		(1,667,999)
Total assets less current liabilities			4,832,259		4,961,315
Creditors: amounts falling due after more than one year	19		(2,392,142)		(2,971,462)
Net assets			2,440,117		1,989,853
Capital and reserves					
Called up share capital	24		100		100
Profit and loss reserves			2,440,017		1,989,753
Total equity			2,440,117		1,989,853

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 £450,264 (2019 - £436,392 profit).

The financial statements were approved by the board of directors and authorised for issue on 6 September 2021 and are signed on its behalf by:

J.S. Brownson
Director

Company Registration No. 09480860

RPG GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	100	1,148,917	1,149,017
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	371,172	371,172
Balance at 31 December 2019	100	1,520,089	1,520,189
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	438,439	438,439
Balance at 31 December 2020	100	1,958,528	1,958,628

RPG GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	100	1,553,361	1,553,461
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	436,392	436,392
Balance at 31 December 2019	100	1,989,753	1,989,853
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	450,264	450,264
Balance at 31 December 2020	100	2,440,017	2,440,117

RPG GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	28	851,548		841,579	
Interest paid		(145,242)		(148,646)	
Income taxes paid		(278,872)		(325,343)	
Net cash inflow from operating activities		<u>427,434</u>		<u>367,590</u>	
Investing activities					
Purchase of tangible fixed assets		(17,955)		(22,309)	
Income received from investments		<u>240,000</u>		<u>449,194</u>	
Net cash generated from investing activities			<u>222,045</u>		<u>426,885</u>
Financing activities					
Proceeds from borrowings		-		93,333	
Repayment of borrowings		(600,000)		(880,000)	
Proceeds of new bank loans		250,000		100,000	
Repayment of bank loans		(172,980)		(164,642)	
Payment of finance leases obligations		<u>(10,762)</u>		<u>(8,935)</u>	
Net cash used in financing activities			<u>(533,742)</u>		<u>(860,244)</u>
Net increase/(decrease) in cash and cash equivalents			<u>115,737</u>		<u>(65,769)</u>
Cash and cash equivalents at beginning of year			<u>295,873</u>		<u>361,642</u>
Cash and cash equivalents at end of year			<u><u>411,610</u></u>		<u><u>295,873</u></u>
Relating to:					
Cash at bank and in hand			<u>411,610</u>		<u>518,841</u>
Bank overdrafts included in creditors payable within one year			<u>-</u>		<u>(222,968)</u>

RPG GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	29	129,056		233,034	
Interest paid		(109,946)		(168,805)	
Income taxes refunded		20,890		21,197	
Net cash inflow from operating activities		40,000		85,426	
Investing activities					
Dividends received		560,000		584,000	
Net cash generated from investing activities		560,000		584,000	
Financing activities					
Repayment of borrowings		(600,000)		(669,426)	
Net cash used in financing activities		(600,000)		(669,426)	
Net increase in cash and cash equivalents		-		-	
Cash and cash equivalents at beginning of year		-		-	
Cash and cash equivalents at end of year		-		-	

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

RPG Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is The Copper Room, Deva City Office Park, Trinity Way, Manchester, M3 7BG.

The group consists of RPG Group 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, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

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.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company RPG Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into 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.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 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.

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.

1.6 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 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.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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:

Leasehold improvements	Over 10 years
Plant and equipment	10-20% straight line
Fixtures and fittings	10-15% straight line
Computers	25-33% straight line

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 profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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.

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

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

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

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 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.

1.10 Cash and cash equivalents

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

1.11 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 balance sheet 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.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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.

Basic financial liabilities

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.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

1.12 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.

1.13 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 profit and loss account 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.

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 profit and loss account, 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.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 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.

1.15 Retirement benefits

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

1.16 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 balance sheet 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.

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.

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

1.17 Government grants

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

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

2 Judgements and key sources of estimation uncertainty

In the application of the 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.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Accountancy and other professional services	4,615,848	4,860,918
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Grants received	58,135	-
	<u> </u>	<u> </u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	4,615,848	4,860,918
	<u> </u>	<u> </u>

4 Exceptional item

	2020 £	2019 £
Income		
Proceeds on disposal of intangible assets	120,000	-
	<u> </u>	<u> </u>

Proceeds on disposal arise from the sale of goodwill to associated undertaking, RPG Crouch Chapman LLP.

5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(58,135)	-
Depreciation of owned tangible fixed assets	24,143	17,313
Amortisation of intangible assets	340,501	340,501
Operating lease charges	143,820	144,146
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	11,340	11,075
	<u> </u>	<u> </u>

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Management	10	10	4	4
Professional	46	43	-	-
Administration	3	3	-	-
Total	59	56	4	4

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	2,293,228	2,483,808	-	-
Social security costs	242,335	266,798	-	-
Pension costs	180,936	163,031	-	-
	2,716,499	2,913,637	-	-

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	864,660	1,021,730
Company pension contributions to defined contribution schemes	121,942	94,456
	986,602	1,116,186

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 10 (2019: 11).

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

	2020 £	2019 £
Remuneration for qualifying services	121,710	174,459
Company pension contributions to defined contribution schemes	21,709	2,992

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9	Interest receivable and similar income	2020 £	2019 £
	Income from fixed asset investments		
	Income from participating interests - associates	240,000	449,194
10	Interest payable and similar expenses	2020 £	2019 £
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	19,730	25,830
	Other interest on financial liabilities	144,166	178,194
		163,896	204,024
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	2,026	1,863
	Total finance costs	165,922	205,887

Other interest on financial liabilities includes £130,626 (2019: £168,805) which arises as a result of the application of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland to interest free loans payable in excess of one year received by the company in the financial period. The FRS requires that such loans are accounted for at present value of future cash flows and notional interest is applied thereon.

11	Taxation	2020 £	2019 £
	Current tax		
	UK corporation tax on profits for the current period	173,077	180,673
	Adjustments in respect of prior periods	9,295	12,184
	Total current tax	182,372	192,857
	Deferred tax		
	Origination and reversal of timing differences	-	1,602
	Total tax charge	182,372	194,459

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	620,811	565,631
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	117,954	107,470
Tax effect of expenses that are not deductible in determining taxable profit	10,264	19,375
Tax effect of income not taxable in determining taxable profit	(22,800)	-
Permanent capital allowances in excess of depreciation	972	(9,265)
Amortisation on assets not qualifying for tax allowances	64,695	64,695
Under/(over) provided in prior years	11,287	12,184
Taxation charge	182,372	194,459

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	6,615,708
Amortisation and impairment	
At 1 January 2020	1,423,071
Amortisation charged for the year	340,501
At 31 December 2020	1,763,572
Carrying amount	
At 31 December 2020	4,852,136
At 31 December 2019	5,192,637

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 January 2020	64,125	110,570	66,165	72,745	313,605
Additions	-	2,425	-	15,530	17,955
At 31 December 2020	64,125	112,995	66,165	88,275	331,560
Depreciation and impairment					
At 1 January 2020	57,801	68,988	66,159	53,805	246,753
Depreciation charged in the year	862	10,265	-	13,016	24,143
At 31 December 2020	58,663	79,253	66,159	66,821	270,896
Carrying amount					
At 31 December 2020	5,462	33,742	6	21,454	60,664
At 31 December 2019	6,324	41,582	6	18,940	66,852

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	6,629,314	6,629,314
Investments in associates	16	2	2	-	-
		2	2	6,629,314	6,629,314

Movements in fixed asset investments

Group	Shares in associates £
Cost or valuation	
At 1 January 2020 and 31 December 2020	2
Carrying amount	
At 31 December 2020	2
At 31 December 2019	2

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in subsidiaries £
Cost or valuation	
At 1 January 2020 and 31 December 2020	6,629,314
Carrying amount	
At 31 December 2020	6,629,314
At 31 December 2019	6,629,314

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect
RPG Holdings Limited	The Copper Room, Deva City Office Park, Trinity Way, Manchester, M3 7BG	Ordinary	100.00 -
Royce Peeling Green Limited	As above	Ordinary	0 100.00
RPG Consulting Limited	As above	Ordinary	0 100.00
RPG Services Limited	As above	Ordinary	0 100.00
RPG Audit Services Limited	As above	Ordinary	0 100.00

16 Associates

Details of associates at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect
RPG Crouch Chapman LLP	5th Floor 14-16 Dowgate Hill, London, England, EC4R 2SU	Participating	0 30

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	719,502	753,103	-	-
Amounts recoverable on work in progress	591,560	575,269	-	-
Amounts owed by group undertakings	-	-	580,890	-
Amounts owed by undertakings in which the company has a participating interest	230,229	279,838	-	-
Other debtors	-	9,807	-	-
Prepayments and accrued income	132,547	119,251	-	-
	<u>1,673,838</u>	<u>1,737,268</u>	<u>580,890</u>	<u>-</u>

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	20	128,968	492,168	-	-
Obligations under finance leases	21	10,721	10,722	-	-
Other borrowings	20	720,000	720,000	720,000	720,000
Trade creditors		128,791	132,678	-	-
Amounts owed to group undertakings		-	-	1,644,899	929,151
Corporation tax payable		221,537	318,037	-	-
Other taxation and social security		478,821	363,458	6,580	9,471
Other creditors		266,983	535,786	-	-
Accruals and deferred income		362,443	328,375	6,466	9,377
		<u>2,318,264</u>	<u>2,901,224</u>	<u>2,377,945</u>	<u>1,667,999</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	20	250,000	32,748	-	-
Obligations under finance leases	21	12,469	23,230	-	-
Other borrowings	20	2,457,142	3,036,462	2,392,142	2,971,462
		<u>2,719,611</u>	<u>3,092,440</u>	<u>2,392,142</u>	<u>2,971,462</u>

20 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	378,968	301,948	-	-
Bank overdrafts	-	222,968	-	-
Other loans	3,177,142	3,756,462	3,112,142	3,691,462
	<u>3,556,110</u>	<u>4,281,378</u>	<u>3,112,142</u>	<u>3,691,462</u>
Payable within one year	848,968	1,212,168	720,000	720,000
Payable after one year	<u>2,707,142</u>	<u>3,069,210</u>	<u>2,392,142</u>	<u>2,971,462</u>

The bank overdrafts and long-term bank loans are secured by a floating charge over trade debtors and work in progress.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Loans and overdrafts

(Continued)

Included in other loans are amounts of £2,604,898 (2019: £3,204,898) on which the company has granted fixed and floating charges covering all of the property and undertakings of the company.

Other loans represent the present value of future repayments on interest free loans granted to the company on terms which require full repayment by 31 March 2022. The repayments have been discounted at a market rate of interest of similar financial liabilities.

21 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	10,721	10,722	-	-
In two to five years	12,469	23,230	-	-
	<u>23,190</u>	<u>33,952</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured on the asset to which the finance relates.

22 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	<u>1,747</u>	<u>1,747</u>

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	180,936	163,031

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

	2020	2019	2020	2019
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 1p each	10,000	10,000	100	100

25 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		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	132,247	152,717	-	-
Between two and five years	569,639	638,357	-	-
In over five years	240,428	-	-	-
	942,314	791,074	-	-

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Events after the reporting date

COVID-19

In March 2020 following the COVID-19 coronavirus outbreak in the United Kingdom in the first quarter of 2020, the country was placed into lockdown by the UK government. This has impacted the whole UK Economy and the wider Global Economy during 2020 and its effects have continued throughout 2020 and beyond.

The RPG Group has taken advantage of the applicable forms of Government support and has operated well through this difficult period.

With the changed landscape in mind, the Group has prepared a revised financial forecast of 2021 and 2022, which shows the Group continues to be robustly profitable and cash generative and the Directors therefore consider the Group and its subsidiaries to be going concerns.

However, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is therefore not currently possible for the directors to fully evaluate the consequences of the global COVID-19 coronavirus outbreak or to evaluate all the potential implications for the company and the wider economy.

The directors have determined that these events are non-adjusting subsequent events.

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	986,603	1,116,186

Transactions with related parties

Included in other loans are amounts of £1,282,902 (2019: £1,434,159) owed to Mr Jonathan Brownson.

Other information

Messrs J.S. Brownson, C.M. Poston, P.R. Owen and M.A. Chatten, directors, have entered into personal guarantees with the company's bankers limited to £100,000 each in respect of the bank overdraft and bank loans.

Mr M.A. Chatten, director, has entered into a further personal guarantee with the company's bankers limited to £100,000 in respect of a bank loan.

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	438,439	371,172
Adjustments for:		
Taxation charged	182,372	194,459
Finance costs	165,922	205,887
Investment income	(240,000)	(449,194)
Amortisation and impairment of intangible assets	340,501	340,501
Depreciation and impairment of tangible fixed assets	24,143	17,313
Movements in working capital:		
Decrease/(increase) in debtors	63,430	(217,161)
(Decrease)/increase in creditors	(123,259)	378,602
Cash generated from operations	851,548	841,579

29 Cash generated from operations - company

	2020 £	2019 £
Profit for the year after tax	450,264	436,392
Adjustments for:		
Taxation credited	(20,890)	(21,197)
Finance costs	130,626	168,805
Investment income	(560,000)	(584,000)
Movements in working capital:		
Increase in debtors	(580,890)	-
Increase in creditors	709,946	233,034
Cash generated from operations	129,056	233,034

RPG GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Analysis of changes in net debt - group

	1 January 2020	Cash flows	Market value movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	518,841	(107,231)	-	411,610
Bank overdrafts	(222,968)	222,968	-	-
	<u>295,873</u>	<u>115,737</u>	<u>-</u>	<u>411,610</u>
Borrowings excluding overdrafts	(4,058,410)	481,620	20,680	(3,556,110)
Obligations under finance leases	(33,952)	10,762	-	(23,190)
	<u>(3,796,489)</u>	<u>608,119</u>	<u>20,680</u>	<u>(3,167,690)</u>

31 Analysis of changes in net debt - company

	1 January 2020	Cash flows	Market value movements	31 December 2020
	£	£	£	£
Borrowings excluding overdrafts	(3,691,462)	558,640	20,680	(3,112,142)
	<u>(3,691,462)</u>	<u>558,640</u>	<u>20,680</u>	<u>(3,112,142)</u>

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