

LPA GROUP PLC

Annual Report & Accounts 2024

Year Ended 30 September 2024

Company Number: 00686429

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FINANCIAL & OPERATING HIGHLIGHTS

For the year ended 30 September 2024

	2024 £000	2023 £000
Order Entry	17,259	25,511
Order Book	25,274	31,561
Revenue	23,546	21,712
Underlying Operating Loss*	(246)	(69)
Share Based Payments, Negative Goodwill and Exceptional Items	(380)	776
(Loss)/Profit before Tax	(593)	759
Basic (Loss)/Earnings Per Share	(2.46)p	6.52p
Proposed Dividend	Nil	1p
Gearing**	13.1%	7.7%

* Operating Loss before Share Based Payments, Negative Goodwill and Exceptional Items

** Net Debt as a % of Total Equity

Through the year to 30 September 2024, the year included the following highlights and operational developments.

- Successful acquisition and integration of Red Box International range of ground power equipment, giving access to new markets including general aviation and B2C sales.
- New CEO – started 2 January 2025.
- Highly successful implementation of new ERP system into both manufacturing sites.
- Increased revenue from Aviation and Defence to 25% (previously 20% in 2023 and 13% in 2022).
- Refocussed global market expansion with the first international office set up for the DACH market and reassessing the distributor partner network for new and existing products around the world.

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STRATEGIC REPORT

Chairman's Statement

Introduction

I am delighted to welcome Philo Daniel-Tran as our new Chief Executive Officer. Philo only joined us on the 2 January 2025 and accordingly it is appropriate that I write the bulk of the commentary in this year's annual report. I should like to thank Gordon Wakeford for his support during the last 6 months as he has undertaken some Executive responsibilities; notably Chairing the Executive Management Board, working with the subsidiary Managing Directors and helping to formulate the Business plans for the current year. Gordon and I are supporting the handover process to Philo as she takes up her responsibilities.

Overview

The Group prides itself in being an innovation led engineering specialist in electric and electromechanical componentry. Much of its expertise also sits in the software skills that underly much of what we do. To be innovative we need to continually re-examine our markets and our customer's needs, we need to be alert to change, and we need to be responsive in recognising the direction of travel vis a vis our existing products. An essential criterion when recruiting our new Chief Executive was to broaden our market penetration and enhance our global customer relationships.

We have great manufacturing expertise in our two major facilities as well as a highly responsive distribution company in Thatcham that imports product from around the world and sells into our customers and others. Our model is founded on engineering skills and manufacturing as well as the use of distribution agreements that we in turn have with partners around the world for our manufactured products. Our business is therefore highly dependent on keeping LPA products at the forefront of our distributors' business plans. In the last year we have invested in our sales force heavily and in our engagements with our distribution network.

The result is an improved business, a steady growth in our new sales lines and a vision for much profitable performance in the future. As I reported during the year we have suffered in our UK market, which represents 59% of what we sell, by slippage in the call off orders particularly in rail. We have major programmes to deliver for TFL on the Central line and the Piccadilly line, major projects on the refurbishment of the interconnector jumpers on the trains and work to do on HS2. All these projects are challenging to plan a business around when the ultimate customers themselves are challenged by their own budget constraints.

We are determined to look at a more product-based business for the aftercare and new projects so that we can keep the manufacturing units busy and the fixed overhead absorbed into profitable work. During the year we acquired Red Box Aviation and in January this year we acquired a power supply business to supplement our own products. We have also reinvested in our Niphan product range. By moving our model to a better balance between product and project business our order books will look different going forward; but our risk profile should improve. We have suffered from orders secured 4 or 5 years ago which are only now coming into manufacture and while we had the ability to index our costs the level of inflation we witnessed since winning this work has impacted gross margins. Our order book at the end of the year is comfortable, replacing most of what has been delivered this year, strengthened by shorter term call off on aftercare product work rather than large new projects.

It is also worth noting that as we plan with confidence for the future we have been looking very hard at our efficiencies and productivity. To compete on a global stage, as we do, we must invest and this year it was in a new ERP system that now serves both of our manufacturing units and will help us control and plan better. It will enable us to look at other ways we can get efficiencies in procurement, contract management and better agility in pricing of subcontract work for new customers. The new ERP system went live on 1 October 2024 and I commend our staff for the work they put in to make this happen whilst still doing their day jobs. Giving our leaders better control of our outputs; to know the cost of every process, to get it right on time first time and to deliver a quality experience to our customers is what a good business does to continuously improve.

LPA Connection Systems based in Saffron Walden has had a good year considering it had over £2m of rail call off orders pushed back to October 2025. It was a blow to their business planning and they have particularly worked hard on their aviation markets to cover a large part of the set back. In the segment information later in this report it is becoming clearer how much good work has gone into rebalancing the business away from rail. The management team at Connection Systems has only been with us for 2 years and I am pleased by the energy, attitudes and cultural shift being made in the business.

LPA Lighting Systems in Normanton has an order book with a number of extant lighting projects that were in development and secured 3 and 4 years ago and in most cases deferred by 24 to 36 months. Our challenge in Normanton is to re market ourselves to our key strengths of electrical engineering, software and systems design. We will seek out other product lines for what is a first-class electronic engineering design and manufacturing facility and part of the reasons for the latest acquisition of power supply inverters is to redesign their boards, enhance the product and to sell into wider markets.

LPA Channel Electric The completion of the executive team during the year has seen the business restored back to its former pre-pandemic level and growing. The prospects for the business are strong in aerospace, defence and for niche industrial products. The business received its AS/EN9120 certification this year.

We have increased our distributor partners across the globe, notably in aviation. Our sales and marketing team continue to be busy at a number of exhibitions in Europe and North America; a good example was a strong presence at GSE Expo in Lisbon this year. We have recently been in India with our distributors there as well as exploring low cost manufacturers for products we could make more efficiently. We also attended Aero Friedrichshafen General Aviation Show in Germany. There are encouraging conversations with potential partners keen to work on our Red Box products globally.

The Group exports widely and this needs to be reflected in our stakeholder relationships which must be proactive, long term, visible and embedded into our corporate culture. We have stakeholders, in the wider sense, all over the world and key that the exec team visit them and specifically our distributors ensuring that LPA remains integral to their business plans; much of what we do is solutions based and flows from personal interactions.

We are an innovative group and in order to remain so we must continually strive to look for talented people and where possible recruit them, even if it means buying their nascent business opportunities as part of their recruitment. Our innovation committee is developing connections with academia, having already established relationships with universities and colleges, and this will continue. A current opportunity to work with the Institute for Manufacture IfM - a Cambridge University programme, has led to young students working with us on capacitor optimisation to support our aviation business products. Another example is where 15 MPhil Industrial Systems students from the IfM visited Saffron to talk innovation.

Being a small business we strive to get the balance right we are rebasing our reward mechanisms to retain more moderate salaries and to increase the performance related elements in our remuneration packages. We have a programme of recruitment especially of apprentices and young engineers.

Shareholders and Investors

We want to communicate our long-term plans to deliver shareholder value in line with our vision and mission and our continuing commitment to our reputation. Therefore, the Board will continue to meet its key shareholders where possible in person and work closely with its Brokers and advisers to ensure regular and open dialogue.

Dividends and Pension Fund

The planned growth in our revenue will require working capital to fund higher stock levels and increased diversification in our products and solutions. In 2024 we absorbed cash not least because of our small operating loss, some capex and the exceptional items. The Bank facilities were renewed with our Bankers and with profitability returning we will plan for a restoration of some dividend in 2026.

Included in our Balance sheet is an asset representing the actuarial valuation, as at 31 March 2024, and the consequent accounting adjustment, for our (closed) defined benefit pension scheme. The rebalanced investment portfolio put the scheme in a very strong position, and this is continuing. As I am no longer chairman of the Trustees I can be more objective as your chairman concerning the overall strategy of the scheme on our balance sheet; including the timing of any exit way from the fund and when are we best placed to consider the timing of a buyout process. The government are recognising that there is work to do in this area and a number of discussion documents are out for consultation in the public domain.

Employees

As I emphasise each year our people and our investment in them remains key to our future success. Their skills alone are not enough without a commitment to the style and corporate values that the Board are committed to promoting. We are working hard on this and I know our new Chief Executive espouses these values. We will see the impact of this in the coming years. The substantial increase by the new Government in National Insurance was not budgeted in the current year and so we will have to carefully ensure that whatever inflation rises were planned can absorb this; the support of the senior management will help us to do this as we move more to a reward-based culture based on results.

We pride ourselves on our engineering skills and our factory operations and are committed to investment to maintain this capability. We do maintain flexibility through use of agency and temporary contracts, but we have no zero-hour contracts. The general health, and well-being of our employees personally, cannot be underestimated. Senior management time on people issues, managing our employee numbers and the cost base remains part of the daily routine. Recruiting young people into a traditional engineering business and more importantly its workspace is not easy; therefore, communication with our staff, engagement with their aspirations and progressive investment in their well-being will distinguish us.

We continue our communication programme including a comprehensive newsletter to our employees, this is published twice a year. Induction programmes and the Board's belief in instilling our corporate values and engagement remains a priority.

I should like to thank all our employees, past and present, for their hard work and diligence during 2024 and for their commitment to our future as we start to look ahead at what I hope will be more encouraging times across our worldwide markets.

Board

Board members' biographies and relevant experience are set out within Company Information on Page 32 of the Annual Report and are published on the Group's website www.lpa-group.com.

Philo Daniel (CEO) heads up the Executive Team and together with the Group CFO Stuart Stanyard are part of the group Board Executive Directors. Andrew Jenner, as Senior Independent Director, and Chair of the Audit Committee has been in post throughout the year under review as has Gordon Wakeford who is chairman of our Remuneration Committee.

ESG

We have reported on our Group ESG commitments for a number of years now and we are committed as we move forward to ensuring that we stay in the forefront of best practice for a leading engineering company. We actively manage our carbon footprint, support greener practices and manage waste in an environmentally transparent way. We encourage good health and wellbeing in our staff and drive safety, innovation, as well as inclusion and diversity into our day-to-day activities.

Outlook

The Executive team have a clear vision and a solid order book to work with in the current year, the underlying value in the balance sheet is strong. Operating cash flow will need to increase to cope with increased working capital requirements as turnover grows. The Board has a process for looking at identified opportunities and enhancing capability in line with the strategy and it will consider each one on its merits. The Group has undergone significant change in its leadership and whilst there is a lag in profit impact, there is discernible shift in momentum coming in the next year or so. I am pleased to say that our outlook is strong with a bright future that will be built on our innovation, capability and great customer relationships.

Robert B Horvath

Robert B Horvath
Chairman
22 January 2025

Business Model and Strategy

The LPA Group plc is a quoted Small and Medium-sized Enterprise (SME), admitted to trading on the AIM market of the London Stock Exchange, and industry classified in the Electronic and Electrical Equipment FTSE sector.

The Group is an innovation-led engineering specialist in electronic and electro-mechanical components and systems, supplying markets operating within high dependency, hostile and benign environments which focuses on the market segments of rail, rail infrastructure, aviation (aircraft and infrastructure), industrial markets and defence. These are viewed as stable / growth markets both in the UK and globally. All Group activities serve the same markets (to a greater or lesser extent), have a mutual dependence on transportation (which accounts for more than two thirds of Group turnover), share resource and frequently work on the same projects.

The Group has a reputation for innovation, providing cost effective solutions to customers' problems which aim to improve reliability and reduce maintenance and life cycle costs. Three distinct sites across the UK are operated, namely:

LPA operations	Market segment	Products, solutions, and technologies
LPA Connection Systems Light & Power House Shire Hill Saffron Walden CB11 3AQ, UK Tel: +44 (0)1799 512800	Electro-mechanical systems A designer and manufacturer of electro-mechanical systems and components to the rail, rail infrastructure, aerospace infrastructure and industrial markets. Provision of ground power to the aviation market.	- Hybrid / battery control boxes and systems - Control panels & boxes - Enclosures, fabrications, laser cut, form & weld - Rail, aircraft, ship & industrial connectors - Shore supply systems - Transport turnkey engineering and manufacturing services - Provision of ground power equipment
Email: enquiries@lpa-connect.com		
LPA Channel Electric Bath Road Thatcham Berkshire RG18 3ST, UK Tel: +44 (0)1635 864866	Engineered component distribution High value, high level service distributor and added value solutions provider to the rail, aerospace aircraft and defence markets.	- Circuit breakers - Connectors - Fans & motors - Relays & contactors - Switches - USB charging units
Email: enquiries@lpa-channel.com		
LPA Lighting Systems LPA House Ripley Drive Normanton West Yorkshire WF6 1QT, UK Tel: +44 (0)1924 224100	LED lighting and electronic systems A designer and manufacturer of LED lighting and electronic systems which serve the rail and other high reliability markets.	- Electronic control systems - Electronic monitoring systems - Fluorescent lamp Inverters - Complete rolling stock interior lighting systems - Rolling stock interior and exterior door status indication systems - Rolling stock seat electronics solutions
Email: enquiries@lpa-light.com		

Group revenues are derived from both large value projects and smaller value routine orders with the route to market a combination of direct and indirect for most products. Agents and distributors may be used, particularly in overseas markets, although larger projects continue to require direct contact in most cases.

A wide range of leading organisations form our customer base, including: Alstom, Avanti, BAA, BAE Systems, CAF, Compin, CRRC, Downer EDI, First Group, Grammer, Heathrow Airport, Hitachi, ITW GSE, Kinki Sharyo, Knorr Bremse, Leonardo, Omer, Shanghai Pudong Airport, Siemens, SNCF, Stadler, Spirit Aerospace, Taiwan Rolling Stock Company, Transport for London, Unipart Rail and Wabtec.

It is our intention to strengthen the Group's position within the global marketplace by growing our customer base, alongside the addition of new products and the undertaking of selected strategic acquisitions. This is underpinned by our Vision, Mission and Objectives as detailed below and the business planning that we do each year.

Vision, Mission & Objectives (VMO)

Vision

- To be a market leading electronic / electro-mechanical engineering group, supplying high quality components and systems to customers in safety critical and challenging markets.

Mission

- Provide sustainable growth and returns to shareholders.
- Grow organically and by acquisition.
- Be our customers' first choice for products and services.
- Be an ethical and responsible employer.

Objectives

- Promote and build on the history and brand of LPA.
- Ensure all companies within the Group deliver 'best in class' products and services.
- Focus on reducing dependency on the transportation market.
- Continuous innovation and product development.
- Improved sales channels for export.
- Targeted acquisitions to bring growth, technology, or access to markets.
- Work together across the Group and maximise opportunities.
- Exploit Group capability and technology to create new products and service new markets.
- Be an employer of choice.

Values and Culture

Investment in our people is paramount to our success and we have created clear communication and development strategies to enhance skills and ensure that we all understand and align to Group values, culture and best practice. This is supported by the Board and Executive teams and demonstrated by their visibility and accessibility across the Group.

Our core values are promoted throughout the Group. These are set out below and published on our website www.lpa-group.com.

LPA Core Values

- **Leadership** - you do not need to be in a position of power to lead in what you do.
- **Passion** - love what you do, use it to drive both yourself and the business forward.
- **Accountability** - whatever you do, own it and do it well.
- **Continuous Product Improvement** - staying ahead of the competition.
- **Personal Growth** - always seek to learn and improve.
- **Diversity** - everyone deserves a chance and a voice.
- **Fun** - yes, it is work, but it does not mean we cannot enjoy it!
- **Innovation** - technology is everything to us, look forward and push the boundaries.
- **Integrity** - honesty and respect are key to who we are.
- **Teamwork** - work with your colleagues not against them.

Environmental, Social and Governance

Environment. The board is committed to minimising its impact on the environment and ensuring that each of our sites provide a positive impact on their local environment. The product ranges of the Group have long been focused on long life reliability, which reduce waste and recycling for our customers. Our manufacturing sites are modern with efficient heating and ventilation systems installed that assist to minimise the carbon footprint, whilst our machinery and processes do not require overly high energy inputs, thus our CO output is minimised. One of our manufacturing sites is certified under ISO 14001 and carbon neutral, while our other sites are working towards and committed to achieving it.

Social activities and engagement with community is encouraged throughout the Group. Our annual charity golf day is a key event within the calendar and one much appreciated by attendees. Donations received are matched by the Group and used in the support of several charities. Within the year these activities benefitted mental health charity and, hospice. We continue to review our marketing activities to combine, where practical, business promotion with support for our local communities.

Governance is outlined across our Annual Report and remains a core value of the Group, both as an AIM listed entity, but as part of the DNA of our activities. These areas have long been core to the Company. Additional areas of focus in recent years have included risks posed through digital and cyber channels. The Group maintains Cyber best practise and contracts external IT support to ensure current and constant IT support, with monitoring and prevention paramount to the continuance of our business and safeguarding of our data, assets and those of our customers and employees.

Our Corporate and Social Responsibility (CSR) policy sets out the basis on which the Group seeks to be a responsible business that meets the highest standards of ethics and professionalism. Our Group's social responsibility falls under two categories: compliance and proactiveness. Compliance refers to our Group's commitment to legality and willingness to observe community values. Proactiveness is every initiative to promote human rights, help communities, protect our natural environment and resources.

The full CSR policy is set out on the Group's website – www.lpa-group.com/investor-information/company-information/ with other key governance policies including the Group's approach to ethical trading, code of conduct, Criminal Finances Act 2017 and Whistle Blowing.

Health, Safety & Wellbeing

It is Group policy to provide and maintain healthy and safe working conditions and to consider its employees wellbeing, whilst operating in a responsible manner to the environment. The Group operates Health & Safety Committees to encourage and facilitate participation by all its employees in improvement, awareness and development of a safe working environment. Reporting of opportunities for improvement and near misses, including suggestions, observations, concerns, or potential improvements are encouraged and requested from all staff and visitors to our sites. Monthly reporting outlining all accidents or matters reported are KPIs, published through use of health & safety notice boards, together with site committee meeting activities. Each site has volunteer fire marshals and first aiders who are provided with the requisite training and a qualified health and safety representative, supported by external expertise.

The wellbeing of our staff is paramount to the Group. Provisions are in place that provide all employees and their families direct access to wellbeing, medical and advisory services, linked to our Group Life Assurance provisions.

The Group encourages employees to plan for their future and provides a defined contribution pension provision which meets or exceeds the UK's Auto Enrolment requirements. The Group also funds advisory sessions, arranges onsite access to its advisors, and facilitates induction sessions for all employees so they can discuss their retirement provisions and fully understand the benefits and options available to them within the Group's pension scheme.

Employment Policies

The importance of promoting and maintaining good communications with the Group's employees is recognised and its policy is to keep employees regularly informed on matters relating to their employment through circulars and team briefings.

Applications for employment from all, regardless of disability, ethnicity, gender or beliefs are considered without prejudice. In the event of members of staff becoming disabled or where individuals require reasonable adjustment, every effort is made to ensure that their employment with the Group continues, and that appropriate adaptation and training is provided. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Financial Review

Set out are the key drivers related to the business performance in the year and position at 30 September 2024, together with explanation of the financial Key Performance Indicators as summarised on page 17.

2024 Summary

- **Order entry** lagged sales at £17.3m (2023: £25.5m) resulting in the order book reducing to £25.3m (2023: £31.6m), a reduction of 19.9%;
- **Revenue** of £23.5m up 8.4% (2023: £21.7m) with LPA Connection Systems revenues up £0.2m and LPA Channel Electric revenues up £1.7m, LPA Lighting Systems down £0.1m
- **Added Value** reduced by 0.8% at 49.5% (2023: 50.3%) as a result of product mix; and
- **Gross margins** 23.3% (2023: 22.6%), was slightly up due to cost control
- **Underlying operating loss** of £0.2m (2023: loss of £0.1m)
- **Loss before tax** at £0.6m (2023: Profit £0.8m after credit for negative goodwill of £0.9m)
- **Net cash inflow from operating activities** £1.3m (2023: £0.3m).

By comparison to 2023, H1 2024 revenues increased by 27.5% to £11.6m (2023: £9.1m), delivering an underlying operating loss of £0.3m (2023: loss of £0.6m). H2 revenues were adversely impacted due to new project delays and delivered revenues of £11.9m (2023: £12.6m), representing a reduction of 5.5% of against H2 2023 sales. This resulted in an H2 underlying profit of £0.1m (2023: profit of £0.5m).

Pre-exceptional distribution costs and administrative expenses increased by 11% to £5.7m (2023: £5.1m). The main contributors to this were the wider economic cost pressures seen across the industry. Group employment costs increased by £0.6m to £7.3m (2023: £6.7m). The increase was primarily due to strengthening management teams at LPA Connection Systems and LPA Channel Electric.

During the year no new share options were awarded to Directors. The performance hurdles in relation to 125,000 share options issued in 2023 are intended to be adjusted for them to remain attractive. A total cost of £10k was attributed to these options in the accounts in line with current assumptions and will be recognised over three years (2023: one award at an exercise price of 50p subject to three increasingly targeted performance hurdles which are related to earnings per share and market capitalisation).

Trading Performance

Markets

Aerospace (aircraft) was steady for the period with main manufacture build rates remaining at similar levels to the prior year at 6 aircraft per month. Aspirations for this programme are for a build rate of 10 aircraft per month by the end of 2027. Similarly, the Airbus A220 programme has delivered 367 aircraft from a firm orderbook of 912 leaving a substantial level of product to fulfil as Airbus increases build rates from 8 aircraft a month to 14. This is a strong indication of work for the supply chain including LPA.

LPA is working closely with the emerging EVTOL markets, we are supporting the delivery of new engineered solutions, focussing on driving down weight as well as increasing power delivery from source to propulsion. Supporting and being 'designed in' to the prototypes will support growth for LPA products in the coming years as they get formally certified and go in to production.

Aerospace (infrastructure) is the bedrock of our growth strategy and has achieved an excellent year. The focus must remain on building the worldwide sales channels and keeping product fresh and innovative. The Red Box acquisition has enabled us to open new market channels and to keep conversations fresh with our distributors and their customers. Overall order entry significantly increasing by 70% and revenues subsequently increasing 57% in the period. We worked hard to enhance the product range in 2022 and 2023, and this continues to impress our customers and we are openly working in many of the busiest

airports around the world. Building on this success our engineers will continue the development of the range and it is envisaged further new products will be released in the coming year.

In support of this sector the Group participated in a number of key trade shows including GSE Expo show in Lisbon, Aero Friedrichshafen (Europe's biggest general aviation show) and a number of other Expos in support of our distributors including HAL Heli-mART and the Dubai Airport Show. These activities drive our marketing effort, as well as creating good interest for individual product range, re-confirming our strategic intent for this market segment and its ability to deliver tangible results.

Rail – aftercare has great potential as major newbuild programmes are delayed and impact our production facilities. The "JUMPER" product line acquisition acquired by LPA Connection Systems in 2023 has been smoothly integrated and was planned to deliver significant output through a series of aftercare schedules over the next 4 years. As we announced in 2024 these Schedules were revised substantially for economic reasons and rebased over a longer period. The acquisition has been a success and will prove to be a very valuable product line in the medium to longer term and contribute for many years to come.

The legislation across the EU banning the sale of fluorescent tubes from September 2023 is a strong positive for us, driving much interest in our LED retrofit alternative. A recent win for SNCF is a good example of this. LPA, in preparation for this change, has been active in this area for the last few years and, as such, enjoys good technical experience, active sales channels and a good product offering aimed at serving this new requirement.

The legislation mandating the use of USB-C on all phones and portable devices has also recently been agreed within the EU and UK, with all new devices needing to adhere by the end of 2025. The Group has been a leader in design and manufacture of USB-A charging solutions across the UK and European rail market and is well placed to serve its customers requirements as they move to update their vehicles in compliance with this new requirement.

As stated previously Newbuild projects in the UK have slowed as we await new funding decisions and subsequent investment. It is pleasing however to see some of the existing project wins finally moving into production and output for 2026 and beyond and we will enjoy revenues from the prestigious Siemens DTUP project initially for Piccadilly Line. The deep tube programme (DTUP) is an important infrastructure programme for London that should extend into new fleets for the Bakerloo and Central lines in the years to come. We are working with the new Alstom TGV M as well as new generation projects across Europe (Avelia Horizon platforms).

Export remains an important part of the Group's business at 41%. In support of this we continue to build our sales channels globally and recently successfully exhibited at Innotrans Berlin, a flagship event for our marketplace, where we were able to meet most of our existing and as well as potential partners from around the world.

Industrial market progression was mostly achieved through our Niphan range of specialist electrical connectors, with considerable work undertaken to update the approvals of this range and to re-establish contact with historical customers. As such, the range saw enhanced revenues for the period and further progress is expected as we move forward. LPA Channel Electric also put in place the first foundations of its entry into the industrial marketplace and will look to enhance this further in the coming year. Niphan, although a niche range, continues to broaden its applicability to modern engineering projects and has gained approvals in infrastructure that over the coming years are expected to lead to modest increases in volume. This is coupled with costing engineering work in supply chain to support margins & capacity as volumes increase.

Macro-economic factors

During 2024, whilst we saw an improvement in the UK economy, we saw a significant reduction in activity in our main market of Rail evidenced by a reduction in our order intake of 20.9%. In addition, three major projects across our two main businesses moved to the right. Whilst H1 was not affected by these delays, H2 was heavily impacted. On the positive side our recent acquisition of Red Box International was successfully integrated into our LPA Connection Systems business and is now starting to meet its potential.

Inflation continues to become less of an issue with efforts to mitigate any increases have been ongoing and where possible fed through to the market. Added Value reduced slightly during the year and is broadly expected to remain at this level as we move forward.

There has been some improvement in the supply chain and employment markets, although the latter remains tight.

Exceptional Items and Negative Goodwill

Exceptional items in the year totalled a loss of £0.4m (2023: gain of £0.8m). Key items comprised:

- (i) Non-recurring costs relating to acquisitions of £0.2m (2023: £nil)
- (ii) Reorganisation costs / staff changes of £0.2m (2023: £nil)
- (iii) Negative goodwill following a fair value adjustment on the acquisition of a product line and associated trade of £nil (2023: £0.9m)
- (iv) Write off of obsolete inventory from discontinued product line of £nil (2023: £0.1m).

Finance Costs

Within finance costs, the interest on borrowings increased to £0.16m (2023: £0.13m). The weighted average interest rate increased by 1.2% from 6.1% to 7.3%. The Group's overdraft facility was utilised three times during the year with an average balance of £100,000. The UK base rate remained relatively stable during the year, reducing once from 5.25% to 5% in August 2024.

Profit Before Tax, Taxation and Earnings Per Share

After net finance income of £0.03m (2023: net income £0.05m) a loss before tax of £0.6m was recorded (2023: profit before tax of £0.8m). A tax credit of £0.3m (2023: £0.1m) is recognised, reporting a loss after tax of £0.3m (2023: profit after tax £0.9m). This resulted in a basic loss per share of 2.46p (2023: earnings per share 6.52p).

The average UK corporation tax rate for the year was 25% (2023: 22%). The main differences to the standard rate of corporation tax are due to losses and R&D tax credits.

Treasury

The Group's treasury policy remained unchanged in the year. Further details on the Group's borrowings, financial instruments, and its approach to financial risk management are given in notes 15 and 17 to the Annual Report.

Balance Sheet

- Gearing (net debt as a % of total equity) increased to 13.1% (2023: 7.7%) due to the recent acquisition and investment in a new ERP system;
- Net debt increased by £0.9m to £2.1m (2023: £1.2m);
- Working capital, as defined as inventory, trade & other receivables less trade & other payables, reduced 7% to £5.3m (2023: £5.7m); and
- Pension asset surplus recognised increased by 41% to £3.8m (2023: £2.7m).

Shareholders' funds include Investment in Own Shares (Treasury Shares), unchanged at £0.32m, representing ordinary shares held in the Company by the LPA Group Plc Employee Benefit Trust ("EBT").

Intangible assets, which comprise goodwill related to the Group's investment in Excil Electronics Ltd, the fair value of the intellectual property purchased in the year of £0.8m (2023: £1.9m), capitalised development costs and software purchases were £4.3m (2023: £3.2m). Additions in the year increased to £0.7m (2023: £0.1m), mainly the result of the investment in the new ERP system at the two main sites of £0.6m. After assessment for impairment the goodwill on the Group's investment in Excil Electronics remains unchanged at £1.1m. Development costs capitalised in the year, representing the continued development of the Group's technologies and new product development ("NPD"), were £0.1m (2023: £0.1m).

The net book value of property, plant and equipment as at 30 September 2024, including right of use assets, totalled £5.5m (2023: £5.8m), of which property represented £3.7m (2023: £3.8m), plant, equipment and motor vehicles £1.8m (2023: £1.9m). Additions in the year were slightly down at £0.4m (2023: £0.5m). Disposals in the year totalled £0.2m with a net book value of £0.1m including right of use lease terminations (2023: £0.9m with a net book value of £nil including right of use lease terminations). The depreciation charge remained flat at £0.7m (2023: £0.7m).

Net Debt and Financing

The Group's main bank finance is a bank loan drawn down in 2024 at £2.5m and repayable over 5 years. Repayments are quarterly over the term with a bullet repayment in March 2029 of £2.0m (quarterly repayments calculated at draw down on a 15-year repayment term). As at 30 September 2024 the amount outstanding was £2.5m (2023: £1.9m). Interest is payable at base rate plus 2.25%.

Cash Flow

Net cash inflow from operating activities was £1.3m (2023: £0.3m) made up of a trading cash inflow of £0.5m (2023: £0.7m) and a decrease in working capital of £0.7m (2023: increase of £0.4m). Overall, there was a net reduction in the Group's cash position of £0.5m (2023: £1.0m).

During the year £0.25m (2023: £0.25m) was spent on the balance of product line acquisition and £0.55m (2023: £nil) was spent on the acquisition of Red Box International with £0.55m deferred consideration split across the next two years. A new ERP system was implemented with capitalised costs of £0.6m (2023: £nil) and went live in October 2024. These will be depreciated over 5 years starting this financial year. There was no change in capital expenditure outflows on property, plant and equipment £0.2m (2023: £0.2m), excluding the ERP system and assets financed through lease arrangements. Capitalised development expenditure amounted to £0.1m (2023: £0.1m), primarily further product developments focused on smart lighting and electronic systems, including rail seat electronics.

In the year new leasing arrangements led to right of use additions of £0.2m (2023: £0.3m). Interest at 5.3% was charged on fixed rate borrowings (2023: 5.3%). Interest on the Group's overdraft facility is payable at base rate plus 2.0%. The facility was unutilised as at 30 September 2024 and 2023. The composite interest rate across both borrowings and lease liabilities was 6.4% (2023: 5.6%).

The bank loan was refinanced during the year at £2.5m for a further five-year period on similar terms, a small reduction of £0.1m on the previous loan. Excluding the repayment of the previous loan, capital loan repayments of £0.2m were made in the year (2023: £0.2m). Outflows repaying the principal elements of lease liabilities were £0.2m (2023: £0.4m). Interest payments on borrowings amounted to £0.2m (2023: £0.2m).

Defined Benefit Pension Asset

The LPA Industries Limited Defined Benefit Scheme was part of the ISIO (previously Deloitte Pensions Master Plan) throughout the entire year under review. The costs of running the scheme have been shared between the Company and the scheme. Costs borne by the Group this year amounted to £0.1m (2023: £0.1m).

A full Actuarial valuation of the Scheme was carried out in March 2024 which indicated the Scheme was at a healthy 133% funding level. The benefit of the change in investment strategy in January 2022, when the Trustees having undertaken a review in 2021 agreed to lock in the gains and de risk the scheme, has been beneficial. The key driver for the then improved funding position has been the higher than assumed returns on the Scheme's assets and the changes in financial conditions which have reduced the liabilities. It is natural for the Scheme's funding level to fluctuate over time reflecting changes in the financial markets.

The Trustees, under advice, did not seek any voluntary employer contributions during the year from the Group (2023: £Nil). The IAS 19 position shown in the note 21 to these accounts reflects the impact of rising interest rates on the present value of the liability to pay pensions in the future.

Going Concern

In assessing going concern, the main considerations have been trading, significant project delays and to a lesser extent inflationary pressures. The Group continues to witness some price pressures from commodities, utilities and wage inflation. These all pose risks to UK manufacturing businesses.

In assessing the Group's going concern the directors also note that (i) despite reporting a small underlying operating loss in the current year, the Group is expected to return to profitability in 2025; (ii) has in place adequate working capital facilities for its forecast needs and was cash generative on an operational level through the 2024 financial year, with a positive EBITDA and strong cash management; (iii) has a strong order book with significant further opportunities in its market place; and (iv) has proven adaptable in past periods of adversity, as again proven through the 2024 challenges. Therefore, the directors believe that it is well placed to manage its business risks successfully.

The directors continue to develop its strong working relationship with its bank that provides for the funding and working capital facilities as outlined in note 15. Should there be additional significant delays in our project-based work then there are actions available to management to mitigate any cash need. Note the covenant test was removed for this year end. We expect that if required the bank would remain supportive and a suitable agreement would be reached to provide the Group with sufficient financing. The current loan facility was extended for a further 5 years in March 2024 on the same terms.

After making enquiries including but not limited to compiling updated forecasts; sensitivities; and expectations, reviewing liabilities and risks and following confirmation of ongoing support from the Group's bank, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Stuart Stanyard

Stuart Stanyard
Chief Financial Officer
22 January 2025

Principal Risks and Uncertainties

The Group's approach to risk management is detailed within the Corporate Governance Report. The principal risks confronting the Group, where adverse changes could impact results, are summarised below:

Principal Risk or Uncertainty	Mitigation
Rail market dependency including both the UK rail market and worldwide rail projects.	- The Group maintains close working dialogue with its customers, suppliers and government agencies. - Growth outside our traditional markets remains a key focus. However, rail will continue to feature as a core market and remains an attractive sector for the Group. - The Group continues to focus on non-project work to alleviate the effects of project delays and underpin routine workflows.
Inflationary pressures	- Sales prices of products are frequently reviewed against cost pressures and market dynamics to ensure appropriate levels of return are achieved. - Management of our supply chain relationships is a key activity. - Automation is used where possible. - Process reviews to improve efficiency are an ongoing activity.
Certain activities benefit from long standing commercial relationships with key customers and suppliers	- The Group devotes resource to ensure that good customer relationships are maintained while continuing to build relationships with new customers across different business sectors and geographies. - Senior level relationships are encouraged with suppliers and customers throughout the Group.
The Group activities operate in competitive markets which are subject to product innovation, technical advances and intensive price competition	- The Group invests in research and development to establish new technologies and products to sustain its competitive position. - Continuous efforts for cost down and efficiencies. - Good relationships with customers are forged to ensure accurate market intelligence is gleaned to help shape policy and practice. - New Group ERP system to ensure consistency of approach and drive efficiencies.
The Group is exposed to several financial market risks including liquidity and credit risk, and through movements in foreign exchange and interest rates	- Forex exposure, predominantly Euros, is mitigated where possible through natural hedging across the Group. - Excess forward predicted currency inflows are covered, where appropriate, by fixed exchange contracts. - Further detail as to the Group's approach to managing this risk is described in note 17 to the financial statements.
Poor investment returns and longer life expectancy may result in an increased cost of funding the Group's defined benefit pension arrangement.	The Group and the trustee of the scheme review these risks with actuarial and investment advice as appropriate and take action to mitigate the risks where possible.
The Group is exposed to supply chains across the globe which can cause delays to product supply and inflationary pressures.	- The Group maintains a portfolio of suppliers and continues to work closely with all, to ensure continuance of supplies. - Products, particularly electronic systems, are subject to redesign to ensure compatibility with suitable alternative components is achieved.
The ability to attract and retain skills and staff.	- The Group monitors staff movements closely whilst seeking to upskill roles to automate areas where the labour pool is challenged. - Personal development is encouraged. The Group supports continuous training and development of its staff. - Communication is done at individual and Group level, incorporating, appraisals, announcements and Group wide newsletters.

Key Performance Indicators

The Group uses the following key performance indicators to assess the progression in its business: factors affecting them are discussed in the Chairman's Statement and the Financial Review on pages 3 to 15 with an Alternative Performance Measures glossary on page 98.

KPI	Basis of measurement	2024	2023
Health & Safety			
Riddors	reportable incidents of disease or danger occurrences	None	None
Accidents	events that cause impact, damage or injury involving a person or infrastructure, which are not a Riddor	10	21
Near misses	events that occurred which have not caused an Accident (1)	156	126
Financial			
Orders to revenue	orders for the year expressed as a multiple of revenue as a measure of prospective growth	0.73	1.18
Order entry	order intake confirmed	£17.3m	£25.5m
Order book	the measure of opening order book, plus order entry, less revenue	£25.3m	£31.6m
Revenue growth	increase year-on-year as a percentage of prior year	8.4%	12.4%
Added value	the margin generated on revenue after deduction of material costs but before other costs of sale and conversion	49.5%	50.3%
Gross margin	as a percentage of revenue	23.3%	22.6%
Profitability	underlying operating (loss) as a return on trading activities to revenue	(1.0%)	(0.3%)
Cash generation	net decrease in cash and cash equivalents before financing activities	(£0.4m)	(£0.3m)
Gearing	the measure of net debt being borrowings and lease liabilities less cash balances, to net assets	13.1%	7.7%

(1) As per best practice and a reinvigorated Health and Safety process, a high number of near misses indicates an open culture of reporting possible accidents which can be appropriately actioned.

The Strategic Report on pages 3 to 17 was approved by the Board on 22 January 2025.

Robert B Horvath

Robert B Horvath
Chairman
22 January 2025

BOARD REPORTS

Audit Committee Report

The Audit Committee monitors the integrity of financial statements, oversees risk management and control, monitors the effectiveness of internal controls and reviews external auditor independence.

Andrew Jenner is Chairman of the Audit Committee, which normally meets three times a year. The Committee exists to scrutinise and clarify any qualifications, recommendations and observations within the audited accounts and report of the Company's auditor. When satisfied, the Committee presents the audited accounts and report to the Company's Board and reviews the effectiveness of resultant corrective and preventative measures.

In performing this function, the key duties of the Committee are to:

- Monitor the integrity of the financial statements of the Group and any formal announcement relating to its financial performance;
- With regards to financial reporting, review and challenge the consistency of accounting policies, the use of accounting methods over alternatives, whether the Group has followed appropriate accounting standards, the clarity of disclosure, and all material information relating to the audit and risk management;
- Monitor the adequacy and effectiveness of the Group's internal financial controls, including the internal control and risk management systems. The Group's key risks are reviewed at each meeting of the Board. All governance issues or unexpected outcomes are brought to the attention of the Board;
- Ensure that the Group's arrangements for its employees and contractors to confidentially raise concerns about possible wrongdoing allow proportionate and independent investigation and appropriate follow up action;
- Consider the need to implement an internal audit function;
- Make recommendations to the Board and the Company's shareholders regarding the appointment, re-appointment, and removal of the Company's external auditor. It ensures that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor;
- Oversee the Company's relationship with the external auditor.

Andrew Jenner
Chairman of the Audit Committee
22 January 2025

Remuneration Report

This report has not been prepared in accordance with Schedule 8 to SI 2008/410 of the Companies Act 2006 because as an AIM listed company LPA Group plc does not fall within the scope of the Regulations.

Unaudited information

Remuneration Policy

The Company's policy is to design executive remuneration packages to attract, motivate and retain high calibre directors and to reward them for enhancing value to shareholders. The performance measurement of the executive directors and the determination of their annual remuneration package are undertaken by the Remuneration Committee.

There are four main elements of the remuneration packages of the executive directors: basic annual salary and benefits; annual bonus payments; share option incentives; and pension arrangements.

The Company's policy is that a proportion of the remuneration of the executive directors should be performance related. Executive directors may earn annual incentive payments, based on achievement of projections for the financial year, together with the benefits of participation in share option schemes. The Company does not operate any long-term incentive schemes other than the share option schemes noted.

Executive directors are entitled to accept appointments outside the Company, providing that the Chairman's permission is granted.

Executive Directors' Remuneration and Terms of Appointment

Executive directors' basic salaries are reviewed by the Remuneration Committee annually, usually in December for implementation in January, and are set to reflect the directors' responsibilities, experience and marketability. Regard is also given to the level of rewards made in the year to staff. The objectives that must be met for the financial year if a bonus is to be paid are confirmed at the same time.

Paul Curtis, resigned as CEO on 31 May 2024. As at 1 January 2024 his annual salary was £193,325 (January 2023: £193,325), he received 10% employer pension contributions to the Group's defined contribution scheme enhanced by NI savings, private health insurance and was entitled to the provision of a car, or car allowance with insurance and break down cover. He was entitled to a 6 month notice period. In addition, he was eligible for options and payment under the Company's discretionary bonus schemes, however all of his options have now lapsed. He also received a loss of office payment within the year.

Stuart Stanyard was appointed CFO and Company Secretary on the 1 March 2023 with a notice period 6 months. As at 1 January 2025 his annual salary was £135,000 (January 2024: £125,000), he receives 10% employer pension contributions to the Group's defined contribution scheme enhanced by NI savings, private health insurance, an accommodation allowance and he is entitled to the provision of a car, or car allowance with insurance and break down cover. Included within his salary he receives a fee of £5,000 per annum as Director of LPA Industries Pension Trustees Limited. In addition, he is eligible for options under the Company's share schemes and, subject to the achievement of the Group's objectives, is entitled to payments under the Company's discretionary bonus schemes.

Non-Executive Directors' Remuneration and Terms of Appointment

The remuneration of the Non-Executive directors is determined by the Board as a whole and the policy is to pay an appropriate level of remuneration for their work on the Board and its committees. Non-Executive directors are normally appointed for an initial period of three years. Appointments are made under a letter of appointment subject to retirement by rotation or removal under the Company's articles of association. Non-Executive directors do not participate in the Group's share option arrangements or bonus schemes.

Robert B Horvath, Non-Executive Chairman from 9 August 2021, was appointed on 1 February 2021 as a Non-Executive Director and Chair elect. His contract was renewed at the Company's AGM held on 27 March 2024 and expires on 31 January 2027, with one further triennial extension. As at 1 January 2025 he receives a fee of £60,000 per annum (January 2024: £60,000).

Andrew Jenner was appointed on 1 September 2021 as Senior Non-Executive Director and Chair of the Audit Committee. He has a term of office, as set out in his letter of appointment dated 14 June 2021, which expired on 31 August 2024, and will stand for re-election at the forthcoming AGM under resolution 2, with one further triennial extension. As at 1 January 2025 he receives a fee of £37,000 per annum (January 2024: £37,000).

Gordon Wakeford has a term of office, as set out in his letter of appointment dated 3 February 2020, which was renewed at the Company's AGM held on 23 March 2023 and expires on 1 April 2026 with one further triennial extension. As at 1 January 2025 he receives a fee of £35,000 per annum (January 2024: £35,000). He also holds the position of Chair of the Remuneration Committee. He also received £12,000 for assisting in operational managerial oversight and control of the Group in light of the CEO's resignation.

Information Subject to Audit

Directors' Remuneration

Directors' remuneration for the year was as follows:

	Salaries and Fees	Loss of Office	Bonus	Benefits	Pension	Total 2024	Total 2023
	£000	£000	£000	£000	£000	£000	£000
Paul Curtis (<i>to 31/05/24</i>)	161	109*	-	4	20	294	293
Stuart Stanyard	131	-	13	24	15	183	110
Executive Directors	292	109	13	28	35	477	403
Robert B Horvath	60	-	-	-	-	60	60
Andrew Jenner	37	-	-	-	-	37	37
Gordon Wakeford	47	-	-	-	-	47	35
Non-Executive Directors	144	-	-	-	-	144	132
Total	436	109	13	28	35	621	535

* Loss of office includes payment in lieu of notice, which includes 2 months beyond the financial year

There was one exercise of 30,000 share options during the year, gain of £3,800 in relation to Paul Curtis a previous Director (2023: Nil).

Directors' Pension Arrangements

During the year ending 30 September 2024, Paul Curtis and Stuart Stanyard received employer contributions to the Group's defined contribution scheme under a salary sacrifice arrangement.

Directors' Shareholdings

Shareholdings of those serving at 30 September 2024:

	Number of Ordinary Shares	
	30 September 2024	30 September 2023
Stuart Stanyard	20,000	20,000
Robert B Horvath	100,000	100,000
Gordon Wakeford	28,000	28,000
Andrew Jenner	20,000	20,000
	168,000	168,000

Directors' Interests in Share Options

The Company operates two share option schemes, the Performance Share Plan 2018 (PSP 2018) which was established during 2018 and the Performance Share Plan 2023 which was established during 2023. An Employee Benefit Trust (EBT) was established in 2018 and is operated through a third-party trustee. The objective of the EBT is to benefit the Group's employees and in particular to provide a mechanism to satisfy share option exercises and reduce dilution for shareholders. Requests made to the EBT trustee are approved by the Remuneration Committee. Details of the share option schemes in operation during the year are given in note 20.

	Date of Grant	Option Price (p)	Earliest Exercise Date	Latest Exercise Date	At 30 September 2024	At 30 September 2023
Stuart Stanyard						
PSP 2023	Jul 23	50.00	25/07/27	25/07/33	125,000	125,000
					125,000	125,000

During the year no share options were awarded to Directors (2023: 255,000 share options were awarded to Directors as one award at an exercise price of 50p subject to three increasingly targeted performance hurdles which are related to earnings per share and market capitalisation). The performance hurdles in relation to 125,000 share options issued in 2023 are intended to be adjusted for them to remain a long-term incentive.

Gordon Wakeford

Chair of Remuneration Committee

22 January 2025

Corporate Governance Report

Section 172

The board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of the shareholders, while having due regard for the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, these being:

Matter	Detail	Referenced on Page(s)
a. The likely consequences of any decision in the long term	• Company purpose • Business model and strategy • Longer term viability • Dividend policy • Risk appetite and risk management • Pension obligations	• 7, 8, 9 • 7, 8, 9, 23 • 6, 15 • 5 • 16, 25 • 5, 15
b. The interests of the company's employees	• Health, wellbeing and safety of our people • Engaging our people • Developing our people • Board employee engagement • Diversity and inclusion	• 5, 10 • 5, 8, 10 • 5, 8, 27 • 8 • 9, 10
c. The need to foster the company's business relationships with suppliers, customers and others	• Business ethics & code of conduct • Corporate culture and ethical values	• 9, 28 • 5, 8-10, 28, 29
d. The impact of the company's operations on the community and the environment	• Environmental responsibility • Emission and energy management • Supporting our communities	• 6, 9, 24 • 9 • 9, 24
e. The desirability of the company maintaining a reputation for high standards of business conduct	• Stakeholder propositions • Sustainability of our business model • Values statements and our culture • Our approach to a sustainable business • Internal controls	• 24 • 23 • 8, 9 • 6, 9 • 25, 26, 28
f. The need to act fairly between members of the company.	• Investor engagement • Annual General Meeting	• 5, 23, 24, 29 • 33

The Chairman is responsible for oversight, adoption, and communication of the Group's Corporate Governance Model. Compliance is reviewed every year and updated as necessary and appears on pages 24 to 29 of this report and on the website www.lpa-group.com.

Despite being a micro-cap company the Group has consistently, for a number of years, applied high standards of Corporate Governance. In complying with Article 26 of the London Stock Exchange rules applicable to AIM listed entities, which requires AIM listed companies to apply a recognised Corporate Governance Code, the Group complies as far as is practicable with the Quoted Company Alliance's Corporate Governance 2018 Code (the Code) and where we fall short of full compliance, explain what is required to achieve full compliance. No shortfalls have been identified. The Group will be transitioning to the updated 2023 Code during the next financial year. This document is an integral part of the Group's Annual Report, which the Board considers to be a 'Document of Record' subject to annual reviews, which will be recorded on the Group's website, www.lpa-group.com.

The Code

The Code comprises ten principles, which are listed below, together with a statement of the Group's current position and, where this deviates from the code, an element of a Road Map to full compliance. In addition, the Group has adopted a 'North Star' or 'Guiding Light' principle, which may be considered to be a precis of the corporate governance principle.

North Star Guiding Light

- Conduct our business honestly, ethically and in sympathy with the environment
- Innovate, design, procure and manufacture for long life, reliability and sustainability
- Base our business in the UK
- Provide employment, training and personal development
- Engage with local communities
- Engage with organisations representing the industries we serve and local and national government
- Endeavour to be a good citizen

Principle 1

Establish a strategy and business model which promote long-term value for shareholders

The code requires a disclosure of the Group's business model and strategy, including key challenges in their execution in the Annual Report, which is included in Strategic Report on pages 3 to 17.

The Group operates in markets dominated by large multinational corporates, with a wide supplier base populated by small and medium sized enterprises, both privately owned and quoted. The Group has grown organically and by acquisition and has always recognised that it will either be a consolidator of similar SME's by acquisition or consolidated by a larger multinational enterprise through being acquired. The Group has relooked at its strategy and has a plan to grow the business recognising the difficult trading conditions brought on by the effects of the pandemic. The Board itself has been rejuvenated to support the business and the management team in order to deliver the strategy and be responsive to constantly changing market conditions.

The Executive Directors are responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval once approved, executing the strategy.

Principle 2

Seek to understand and meet shareholder needs and expectations

The Group's shareholder base has been dominated by founding family shareholders in the past. This is changing but it still has only limited numbers of Institutions. Whilst 48% of our shares are owned by 4 holders there is still a significant shareholder base of private or relatively small holdings. The market in the shares is relatively illiquid and there can be a wide spread between the bid and offer price, making dealing in the shares challenging. Having rejuvenated the Board, the Group is committed to improving liquidity and the nature of the shareholder base to better equip the business with sources of equity funding, supporting its growth plans. In recent years the Group has relied upon debt funding to support its capital investments into capacity and capabilities and fund working capital requirements.

Investor liaison is the responsibility of the Chief Executive and where necessary the Non-Executive Chairman, supported by the Group's Executive.

The Group gives regular updates on progress through the year and publishes significant events via the Regulated News Service of the Stock Exchange. The Preliminary Announcement is made in late January and the Annual Report is published shortly thereafter. The Chairman normally gives an update at the Annual General Meeting in March. The Interim Announcement for the first half to 31 March is made, and the Interim Report published, in late June. It has become recent practice to give an update on trading early in the first quarter, following the close of the financial year on 30 September. Copies of all announcements are published on the website, www.lpa-group.com.

The Group's Brokers prepare analyses of the Group's performance and make these available to their clients, normally together with their trading expectations.

The Group aims to meet Shareholders, prospective shareholders and other interested parties, immediately after the Interim and Final Announcements as recommended and organised by its Nominated Broker. The Chairman is available to shareholders throughout the year and, subject to any rules regarding confidential information, is able to discuss the strategic direction of the Group.

The Board is acutely aware of its responsibility to ensure that there is no false market in the Group's shares and to ensure the market is properly informed of changes in expectations and significant events in a timely way. The last few years have witnessed severe challenges for most businesses and especially in the sectors the Group operates in. These significant challenges are manifested in the ability to forecast and manage expectations in the short term as our customers struggle to keep their projects on track and their commitments and orders to us to the agreed upon schedules. Some of these unforeseeable activities remain beyond the control of the Group.

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that our people are our most valuable asset. Staff surveys at each of the Group's Sites are undertaken periodically to monitor and engage with our staff and ensure their needs are being met. Apprenticeships, degree and other courses, support, training, and personal development are offered to staff as part of a long-term plan for success, notwithstanding the ongoing challenges that the current macro-economic climate presents.

The Group's customer base is mainly comprised of large multinationals who demand quality, reliability, value for money and on-time delivery. We endeavour to engage with our customers on many levels to ensure that we understand what is expected of us. We seek customer feedback, and we use metrics to monitor our own performance.

We have developed our supplier base over many years and measure their performance using KPI's. In difficult market conditions close relationships are essential to maintain timely, cost effective and quality supplies.

We rely on partners in our export markets to represent us between our own visits to customers. Many of these partnerships are long term and our export success reflects our collective response to changing local market conditions.

We are responsive to our local communities, engaging with schools and universities and supporting local youth sports and other charitable organisations.

The Group's mantra is '*Long Life Reliability does not cost the Earth*', which means that we commit to the concept of whole life cost not only in terms of currency but also in the use of scarce resources including materials, energy and labour, designing in long life rather than obsolescence.

Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the Group

The Principal Risks and Uncertainties are identified in the Strategic Report, which is included on page 16. Each trading entities monthly report outlines significant opportunities and threats to its business. Risk registers for entities identify key risks. Risk is considered at each Executive Meetings comprising the Managing Directors of the entities, the CEO and the CFO. The CEO and the CFO include commentary on identified changes in risk in their reports to Board Meetings. Internal Controls are detailed below.

Internal Control

The Board has overall responsibility for the Group's system of internal control, which is designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Board has assigned day-to-day responsibility for the continuous review of risk management to the Executive Directors. The Board receives regular updates on risk issues and reviews the effectiveness of the Group's systems of internal controls in relation to financial, operational and compliance controls and risk management. Risk management is discussed formally at each Board meeting.

In addition, the Board reviewed the requirement for an internal audit function and having regard to the size of the Group, the costs of such a function versus the likely benefit, sufficient assurance as to the functioning of the system of internal control, and that the circumstances confronting the Group remain unchanged, considered there was no such requirement at this time.

In relation to business risk a continuous process of risk assessment and reporting has been adopted. Executive Directors report regularly to the Board on major business risks faced by individual operating units and by the Group and how it is proposed that those risks be managed. Through this, business risks are assessed according to their nature and urgency and the Board considers what would be an appropriate response.

The Board has defined a formal schedule of matters specifically reserved for decision by it and the delegated authorities of its committees and the Executive Directors.

The Group has a clear organisation structure and reporting framework. Whilst the management of operating units exercise autonomy in the day-to-day running of their activities, given the size of the Group, the Executive Directors remain close to the decisions made at each operating unit.

The Group has a system of budgeting, forecasting and reporting which enables the Board to set objectives and monitor performance. A budget is prepared annually, which includes detailed projections for the next two years, for review by the Board. Forecasts are reviewed and re-forecast at least twice annually. The Group's performance against budget and forecast is continuously monitored by the Executive Directors, and by the Board at least quarterly. The Group operates an investment approval process. Board approval is required for all acquisitions and divestments.

Principle 5

Maintain the Board as a well-functioning, balanced team led by the Chair

A biography of each of the Directors which identifies whether they are executive or non-executive, together with a directors' responsibilities statement is included on the Group's website and within the Annual Report, which also describes the Board Composition, Responsibility, Independence and the number of Board Meetings during the year, the nature and composition of the two board committees and details the time commitment and attendance record of directors at board and committee meetings.

The Non-Executive Directors all served throughout the year.

Paul Curtis as Executive Director, served until 31 May 2024. Stuart Stanyard served throughout the year.

Board Composition and Responsibility

As of 1 January 2025, the Board comprises three Non-Executive Directors and two Executive Directors. There is a clear division of responsibility between the Non-Executive Directors, including the Chairman and the Executive Directors.

Robert B Horvath, Andrew Jenner and Gordon Wakeford are regarded as Non-Executive directors. They are from varied backgrounds and bring with them a range of skills and experience in commerce and industry. The Non-Executive Directors are judged to have made the necessary time commitment to fulfil their roles which is evaluated through achievement of deadlines, commitments, availability, and attendance at meetings.

The Board meets at least six times during the year, with additional meetings being convened as necessary. The Board has two standing committees, the Audit Committee and the Remuneration Committee, both having written terms of reference which are published on the Group's website. These comprise the Board's Non-Executive directors who served through the year. Andrew Jenner served as Chair of the Audit Committee and Senior Non-Executive Director; Gordon Wakeford served as Chair of the Remuneration Committee.

The Audit Committee meets at least twice a year. It is responsible for reviewing a range of financial matters including the interim and final accounts, monitoring the controls which ensure the integrity of the financial information reported to the shareholders, making recommendations to the Board in relation to the appointment of the external auditor, and approving the remuneration and terms of reference for the external auditor. It also meets with the external auditor who attends its meetings when required.

The Remuneration Committee meets at least twice a year and its principal function is to determine executive remuneration policy and that of the non-executive Chairman on behalf of the Board. In addition, the committee is responsible for supervising the various share option schemes and for the granting of options under them. Having liaised with key shareholders the committee has started to rebase the reward mechanisms to retain more moderate salaries and to increase the performance related element of our remuneration packages.

A schedule of the Board meetings, its committees and the Director attendance compared to the meetings held is set out below:

Year ending 30 September 2024	Board meetings	Audit committee	Remuneration committee	AGM 2024
No of meetings	9	3	2	1
Executive Directors				
P V Curtis (until 31/05/24)	7/8	n/a	n/a	1/1
S R Stanyard	9/9	n/a	n/a	1/1
Non-Executive Directors				
R B Horvath	9/9	3/3	2/2	1/1
A Jenner	9/9	3/3	2/2	1/1
G Wakeford	9/9	3/3	2/2	1/1

Attendance at meetings by invitation is not shown, however each site MD is invited to present their business at least once a year.

The principal responsibilities of the Board are to agree overall strategy and investment policy, to approve the annual budget, to monitor the performance of the senior management, and to ensure that there are proper internal financial controls in place. There is a formal schedule of matters reserved for Board approval. The nature and size of the Group ensures that the Board considers all major decisions.

Directors are subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.

All directors have access to the advice and services of the Group CEO/CFO. The CFO performs the role of the Company Secretary, and is also responsible for ensuring that Board procedures are followed. There is also a procedure in place for any director to take independent professional advice, if necessary, at the Company's expense.

Principle 6

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board has a broad balance of skills and experience as well as personal qualities. Recent Board appointments have reinforced this balance.

The Board recognises that its small size limits the opportunity for gender balance and diversity, however, ensures that its recruitment processes are fair, and all candidates are considered and treated equally. The Board is not dominated by any one person or group of people with recent Board changes re-enforcing independence.

The Chair will continue to evaluate the strengths and weaknesses of the Board and seek to address these together with other needs as the Group evolves in any future appointments and in succession planning.

This Annual Report identifies each Director with their biography, which outline the relevant skills, qualifications and previous roles that each have held. This demonstrates the adequacy of the Board and identifies any additional experience, skills, personal qualities, gender balance and capabilities necessary to deliver the strategy for the benefit of shareholders and shows how directors are maintaining their skill sets.

The Directors achieve these requirements through participation and reporting on activities outside of the Group to develop and maintain their skills. Participation in Continuing Professional Development courses to maintain professional qualifications and development of knowledge; industry and market forums; holding additional independent appointments to broaden knowledge, and engagement with bodies including the QCA and The Deloitte Academy are both monitored and actively encouraged. The Group considers this approach compliant in this area to the Code.

Annual Reports will also detail significant matters requiring external advice and describe any significant advice provided internally to the Board by the Company Secretary or Senior Non-Executive Director.

Principle 7

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The objective has been to create a board with the necessary skills and experience to deliver the Group's strategy over the medium term, following a period of relative board stagnation. The maintenance and development of the board skills matrix assists the Chairman in his discussions with the Senior Non-Executive Director ("SNED") to ensure the skills available within the Board remain appropriate. This process was reviewed at the Board meeting on 18 December 2024 and deemed appropriate. The Group considers this approach compliant to the Code, and the Chairman will continue to develop this area as part of the Road Map.

The Chief Financial Officer's individual performance has been assessed and feedback given.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The Board, led by the Chair, promotes a sound ethical culture through its own behaviour and this is visible through the actions of the Non- Executive and Executive Director teams.

Corporate values guide the objectives and strategy of the business and the conduct of all aspects of business, including disclosures in this Annual Report.

The Chair's Corporate Governance statement in the Annual Reports comments upon how the culture is consistent with the Group's objectives, strategy and business model contained in the strategic report, the principal risks and uncertainties, how these are monitored and how a healthy corporate culture is promoted and assessed. Group values are promoted around the Group as outlined on pages 8 and 9.

The Group has a Code of Ethics, and a Code of Conduct, which Directors and other officers of the Group are expected to comply with and to record such instances as required, as part of the Group's anti-bribery procedures. These are published on the website.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Group maintains governance structures and processes in line with its corporate culture and appropriate to its size and complexity, and capacity, appetite and tolerance, for risk. Its processes develop over time as the needs of the business and its development require.

It is expected that given the small size of the Group there will be little difference between, the Chair's high-level explanation of the application of the Code in the Corporate Governance Statement in the Annual Report, and any other description of the roles and responsibilities of the Chair, Chief Executive Officer, Chief Financial Officer or any other director with particular responsibilities.

Principle 10**Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board believes that a healthy dialogue does exist between the Group and its stakeholders and shareholders, which should allow interested parties to come to informed decisions about the Group.

The Board believes that through appropriate use of the Stock Exchange Regulated News Service ("RNS") for announcements and the timely posting of all such announcements on the Group Website appropriate communication and reporting structures exist between the Group and all constituent parts of the shareholder base.

The Preliminary Announcement, the Annual Report, the Chairman's remarks at the Annual General Meeting, the Interim Announcement, the Interim Statement, any Closing Update in October after the financial year end, together with announcements of any significant events, are all timely published via the RNS and posted on the website, and routinely inform all shareholders of the Group's progress.

All shareholders are invited to the Annual General Meeting where there is both a formal and informal opportunity to ask questions either on the business of the meeting or specific matters of interest.

This Annual Report, which is posted on the website, describes the work of the Board committees undertaken during the year. It includes a remuneration report.

Should the Group be unable to comply with any disclosure requirements of Principles 1-9 and omit them from the Annual Report or the Website, they will be disclosed, and their omission explained.

All votes at the Group's General Meetings are announced on the RNS immediately after the close of the meeting and posted on the website.

Should there be a significant proportion of votes cast against a resolution at a General Meeting the Group would announce in a timely way by way of the RNS and on the website, the result. What action it intends to take to understand the reasons for the negative vote and what action, if any, it intends to take in the light of that vote are always discussed with its Nominated Advisor and advice taken and followed.

Annual Reports, including the Notice of any General Meetings published during the last five years are included on the website: www.lpa-group.com.

Robert B Horvath

Robert B Horvath

Chairman

22 January 2025

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 September 2024.

Results and Dividends

The loss for the year amounted to £0.3m (2023: profit of £0.9m). The directors do not recommend the payment of a dividend for 2024 (2023: final dividend of 1p), with Nil (2023: Nil) interim dividend paid.

The factors which have affected the Group's business activities in the current year, and which are likely to affect its future performance are detailed in the Chairman's Statement and the Financial Review.

The principal risks and uncertainties confronting the Group are set out on page 16 and the key performance indicators used in assessing the progression of the business are set out on page 17.

Principal Activities

The principal activity of the Group continues to be designer, manufacturer and supplier of high reliability, LED based lighting and electronic systems, electro-mechanical systems and a distributor of engineered components. Descriptions of the Group's development and performance during the year, position at the year end and likely future prospects are reviewed in the Strategic Report on pages 3 to 17.

Substantial Shareholdings

As far as the directors are aware the only shareholders with a beneficial interest as at 5 January 2025 representing three per cent or more of the issued share capital were:

	No of Shares	Percentage
Peter Gyllenhammar AB	3,943,500	29.18%
Peter Pollock	1,000,000	7.40%
Michael Rusch	960,022	7.10%
Marilyn Porter	524,153	3.88%

Research and Development

The Group is committed to research and development activities to ensure its position as a market leader in the manufacture of electronic and electrical components, and systems in its market sectors. The costs incurred in 2024 totalled £0.1m (2023: £0.1m) and were capitalised as development costs. Research and development costs expensed during the year were £Nil (2023: £Nil).

Directors and their Interests

The current directors of the Company and brief biographical details are given on page 32. Since the last annual report one Director was appointed, Philo Daniel-Tran on 2 January 2025 and one Director resigned Paul Curtis on 31 May 2024 (2023: one appointment and no resignations). A statement of their remuneration and interests in the ordinary shares of the Company and share options are set out in the Remuneration Report. The Company has made qualifying third-party indemnity provisions for the benefit of its directors. The Group maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors and Officers liability insurance policy against liabilities which may be incurred by them while carrying out their duties. No director had any material interest in any contract with the Group.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report, the separate Corporate Governance Statement, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group's financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the 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;
- for the Group financial statements, state whether they have been prepared in accordance with the UK-adopted International Accounting Standards;
- for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- 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 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors Biographies

Robert B Horvath – Non-Executive Chairman, born 1956, has a BSc degree in Economics from the University of Wales and is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Fellow of Gray's Inn. He served Articles with Price Waterhouse and spent twelve years with the firm including two years in the US. He has over thirty years' experience in senior financial and general management posts in Manufacturing Industry. He joined LPA Group on 1 February 2022 as Chair elect and was appointed Chairman on 9 August 2021. Previous appointments include Chairman of Sigmat Group, Chief Executive of Tenfore Holdings, Group Managing Director of Interior Services Group Plc and Group Financial Director of Higgins Group Plc and A&P Appledore Ship Builders Ltd. Other public appointments included Advisor to and Chairman of Worth Abbey, NED at Defence Infrastructure Organisation and advisor to HM Treasury on PFI contracts.

Philo Daniel-Tran - Chief Executive Officer (CEO), born 1974, holds a PhD in Electrical and Electronics Engineering from Western Sydney University, and a Masters in Programme Management from the University of Adelaide, Australia. She was appointed CEO of LPA Group plc on 02 January 2025. She is an experienced professional having held senior roles in top tier publicly listed technology companies, spanning roles in Divisional leadership, Strategy, Marketing, Business Development and Engineering across Defence, Aerospace, Security, and the Transport Sectors. Prior to joining LPA, she was the Global Aviation and Urban Security Director for Smiths Group plc's Smiths Detection Division delivering unprecedented growth attributed to new product and solution introduction to market. In her preceding 16 years with Thales, she held regional leadership roles based in Sydney, London, and Singapore. She was advisor to the UK Government on Transport Security via the Joint Security and Resilience Centre and a member of the Security Sector Council for ADS Group Ltd from 07 December 2021 to 31 December 2024.

Stuart Stanyard - Chief Financial Officer (CFO) and Company Secretary, born 1967, holds a BSc in Accounting and Economics from Lancaster University and is a Fellow of the Institute of Chartered Accountants England and Wales having qualified with Price Waterhouse. Stuart is an experienced Chief Financial Officer having held several senior finance leadership positions in Rolls-Royce Civil Aerospace, both within the UK and Hong Kong. More recently Stuart has worked for a PE backed business, Eley Group, where he concluded the successful sale of the business to an overseas buyer. Stuart was appointed Chief Financial Officer and Company Secretary on 1 March 2023.

Andrew Jenner – Senior Non-Executive Director (SID), born 1969, holds a BSc in Accounting with First Class Honours from the University of Hull and is a Member of the Institute of Chartered Accountants England and Wales. Andrew is an experienced Chief Financial Officer and an Non- Executive Director having held senior positions in a number of FTSE100, 250 and privately held companies and has worked in different sectors including manufacturing, services, engineering, rail and construction. Since February 2018 he has been CFO of Petainer, a manufacturer of sustainable plastic packaging for the drinks industry worldwide. Petainer is owned by Ara Partners, a private equity firm specialising in industrial decarbonization investments. Previous appointments include NED and Audit Committee Chair of Galliford Try Plc, NED at E.W. Beard, CFO at Serco Group Plc and CFO at Global Office Group. Andrew was appointed to LPA Group on 1 September 2021, is the Audit Committee Chair and a member of the Remuneration Committee.

Gordon Wakeford - Non-Executive Director born 1962, formerly Chief Executive Officer of Siemens Mobility Limited UK, joined the board as an Non- Executive Director with effect from 1 April 2020. He holds a First Class Honours Degree in Mechanical Engineering, is a Chartered Engineer and Fellow of the Chartered Institute of Highways and Transportation. He is highly experienced, having worked at very senior levels within industry and with Government. He is a former Chairman of the Railway Industry Association and Chair of the Rail Supply Group. He was a member of the National College for High Speed Rail Industrial Advisory Board and the CBI Manufacturing Council. He is a member of the Board's Audit and Remuneration Committees, was Chair of the Audit Committee from 1 April 2021 to 31 August 2021 and was appointed Chair of the Remuneration Committee from 1 September 2021.

Annual General Meeting

The Annual General Meeting is to be held at 12:00 noon on Wednesday 19 March 2025 at the offices of LPA Group PLC, LPA House, Ripley Drive, Normanton, West Yorkshire, WF6 1QT. The Notice of Meeting is set out on pages 100 to 101.

Information in other reports

The Company has chosen, in accordance with the Companies Act 2006 s414C(11), to set out in the Chairman's Statement, Financial Review, Strategic Report and Corporate Governance Statement, certain information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Sch. 7 to be contained in the Directors' Report.

Financial risk management disclosures are detailed in note 17.

Post Balance Sheet Events

The Group has reached agreement with Eaton Electrical Products Limited to acquire Eaton's Powertron business. The Acquisition includes the UK trading division and assets, including its small manufacturing capability. This results in the group acquiring fixed assets, current assets and liabilities, the employment of approximately 20 members of staff, and the business including worldwide rights to brands and product designs. The consideration for the Acquisition is in the form of LPA, taking on the obligation to settle lease dilapidation obligations expected to be due in 2026 estimated at £200,000, taking on liability for any customer product warranty claims capped at in total £150,000, and a cash payment to the seller currently estimated at c.£17,000 calculated with reference to net working capital as at 31 January 2025.

The acquisition is complementary to a number of power supply products the Group currently manufactures for the rail industry and will provide a strong addition to LPA Channel Electric, the Group's Thatcham-based division, that distributes engineered components. This acquisition supports our long-term growth strategy of buying core products.

Revenues for the year ended 31 December 2023 were £2.1m, with a loss before tax of £77,000. Net assets are currently estimated at £565,000 (calculation excludes any accrual for lease dilapidation obligations).

Auditors

RSM UK Audit LLP are willing to continue in office. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

By order of the Board

Stuart Stanyard

Stuart Stanyard
Company Secretary
22 January 2025

COMPANY INFORMATION

Company contacts

Directors	Robert B Horvath Philo Daniel-Tran Stuart Stanyard Andrew Jenner Gordon Wakeford	Non-Executive Chairman Chief Executive Officer Chief Finance Officer and Company Secretary Senior Non-Executive Director Non-Executive Director
Registered Office	Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ, UK.	
Registered Number	00686429	
Website	www.lpa-group.com	
Nominated Adviser & Broker	Cavendish 1 Bartholomew Close London EC1A 7BL	Public Relations Public Relations Hudson Sandler 25 Charterhouse Square London EC1M 6AE
Auditors	RSM UK Audit LLP 1 st Floor, Platinum Building St John's Innovation Park Cowley Road Cambridge CB4 0DS	Bankers Barclays Bank Plc Abacus House Castle Park, Castle Hill Cambridge CB3 0AN
Registrars	Link Group 10 th Floor, Central Square 29 Wellington Street Leeds LS1 4DL	Solicitors Eversheds Sutherland (International) LLP 115 Colmore Row Birmingham B3 3AL

Trading subsidiaries

LPA Group Plc headquarters is situated at, and all LPA Group entities have their registered address at:
Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ, UK.

Trading addresses:

LPA Group entities operate as distinct businesses through appointed Executive Teams.

Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ, UK

LPA Industries Ltd - trading as LPA Connection Systems

LPA House, Ripley Drive, Normanton, West Yorkshire, WF6 1QT, UK

Excil Electronics Ltd - trading as LPA Lighting Systems

Bath Road, Thatcham, Berkshire, RG18 3ST, UK

Channel Electric Equipment Ltd - trading as LPA Channel Electric

GROUP FINANCIAL STATEMENTS

Independent Auditor's Report to the Members of LPA Group plc

Opinion

We have audited the financial statements of LPA Group PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 of the parent company's affairs as at 30 September 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and parent 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 as applied to listed entities 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.

Summary of our audit approach

Key audit matters	Group • Revenue recognition • Valuation of inventory Parent Company • No key audit matters were identified
Materiality	Group • Overall materiality: £357,000 (2023: £217,000) • Performance materiality: £267,000 (2023: £162,000) Parent Company • Overall materiality: £169,000 (2023: £126,000) • Performance materiality: £127,000 (2023: £94,600)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description	The Group's revenue contracts involve the design, manufacture and supply of various products. There is management judgement required to determine the performance obligations in the contracts, the allocation of revenue to each of these obligations and ensuring that income is appropriately recognised in line with the requirements of IFRS 15. The main judgement was whether the design/engineering stage should be a separate performance obligation or whether there is only one performance obligation for a contract in relation to the supply of products.
How the matter was addressed in the audit	We reviewed and challenged management's assessment of the performance obligations identified and ensured that income was appropriately allocated to each of the performance obligations. We also ensured that subsequent variations to contracts were suitably treated. We performed cut-off testing and substantive testing procedures to validate that the revenue recognised in the year was in line with the contractual terms and IFRS 15 requirements. We also considered the adequacy of the Group's revenue recognition accounting policy as disclosed in note 1M and the key judgement disclosure in relation to revenue recognition in note 1R.

Valuation of inventory

Key audit matter description	Inventory is recognised in the balance sheet at the cost of bringing it to its present location and condition. The cost of inventory includes direct materials, direct labour and a proportion of production overheads based on normal levels of activity. There is management judgement involved in the calculation of the overhead rates to be absorbed and the provision of slow moving or obsolete inventory.
How the matter was addressed in the audit	We performed substantive testing over a sample of inventory items, verifying costs to supporting documentation and ensuring a suitable allocation of labour and overheads. We reviewed and tested the year-end inventory provisioning calculations prepared by management, including their arithmetic integrity. We have challenged management on the assumptions adopted within the provisioning calculations. We performed testing to ensure that the valuation of inventory is stated at the lower of cost and net realisable value by comparing the sales value of the products to their actual cost. We also considered the adequacy of the Group's inventory accounting policy as disclosed in note 1J and the disclosures in relation to the inventory provisions in note 1R and note 12.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£357,000 (2023: £217,000)	£169,000 (2023: £126,000)
Basis for determining overall materiality	1.5% of revenue	1.7% of total assets
Rationale for benchmark applied	Revenue was chosen as the Group monitors revenue-based metrics in its key performance indicators	Total assets was chosen as the entity is a non-trading holding company
Performance materiality	£267,000 (2023: £162,000)	£127,000 (2023: £94,600)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £18,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds	Misstatements in excess of £8,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds

An overview of the scope of our audit

The Group consists of 4 components, all of which are based in the UK. The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	4	100%	100%	100%

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. Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding how the cash flow forecasts for the going concern period have been prepared and the assumptions adopted;
- testing the integrity of the forecast model to ensure it was operating as expected;
- challenging the key assumptions within the forecast;
- reviewing correspondence from the bank removing the covenant test at the year end;
- reviewing the calculation and level of headroom for debt covenants including understanding and evaluating available management actions to cover any shortfall; and
- review and consideration of the appropriateness of the sensitivity analysis performed by management and available actions should performance be behind expectations.

Forecasts adopted by the Board show the ability to operate within existing banking facilities. We do however note that should there be additional significant delays in project-based work then there is an increased risk of a covenant breach. The Directors expect to be able to mitigate any shortfall by available actions and if required expect to receive continued support from the bank.

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 or the 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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 set out on page 31, 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 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS, FRS102 and the Companies Act 2006	• Review of the financial statement disclosures and testing to supporting documentation; • Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	• Inspection of advice received from external tax advisors
Health and safety	• ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	• See key audit matter above
Management override of controls	• Testing the appropriateness of journal entries and other adjustments • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias • Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Neil Stephenson

Neil Stephenson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1st Floor, Platinum Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS
22 January 2025

Consolidated Income Statement

For the year ended 30 September 2024

	Note	2024 £000	2023 £000
Revenue	2	23,546	21,712
Cost of Sales	6	(18,068)	(16,646)
Cost of Sales- Exceptional Items	6	-	(152)
Gross Profit		<u>5,478</u>	<u>4,914</u>
Distribution Costs		(2,424)	(1,910)
Administrative Expenses		(3,304)	(3,238)
Administrative Expenses-Exceptional Items	6	(376)	-
Negative Goodwill	24	-	941
Underlying Operating Loss		<u>(246)</u>	<u>(69)</u>
Share Based Payments	20	(4)	(13)
Negative Goodwill	24	-	941
Exceptional Items	6	(376)	(152)
Operating (Loss) / Profit	6	<u>(626)</u>	<u>707</u>
Finance Income	4	225	201
Finance Costs	5	(192)	(149)
(Loss)/Profit Before Tax		<u>(593)</u>	<u>759</u>
Taxation	7	268	100
(Loss)/Profit for the Year		<u><u>(325)</u></u>	<u><u>859</u></u>
Attributable to:			
- Equity Holders of the Parent		<u><u>(325)</u></u>	<u><u>859</u></u>
(Loss)/Earnings per Share	8		
Basic		(2.46)p	6.52p
Diluted		<u><u>(2.46)p</u></u>	<u><u>6.51p</u></u>

The notes on pages 48 to 86 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2024

	Note	2024 £000	2023 £000
(Loss)/Profit for the Year		(325)	859
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial Gain on Pension Scheme	21	767	198
Restriction of Pension Assets	21	183	(113)
Other Comprehensive Income		<u>950</u>	<u>85</u>
Total Comprehensive Income for the Year		<u>625</u>	<u>944</u>
Attributable to:			
- Equity Holders of the Parent		<u>625</u>	<u>944</u>

The notes on pages 48 to 86 form an integral part of these financial statements.

Consolidated Balance Sheet

At 30 September 2024

Company Registered Number: 00686429

		2024	2023
	Note	£000	£000
Non-Current Assets			
Intangible Assets	9	4,317	3,156
Tangible Assets	10	5,018	5,083
Right of Use Assets	11	518	672
Retirement Benefits	21	3,782	2,683
		<u>13,635</u>	<u>11,594</u>
Current Assets			
Inventories	12	5,749	4,303
Trade and Other Receivables	13	5,389	5,870
Derivative Asset	17c	80	28
Current Tax Receivable		34	30
Cash and Cash Equivalents		715	1,202
		<u>11,967</u>	<u>11,433</u>
Total Assets		<u>25,602</u>	<u>23,027</u>
Current Liabilities			
Bank Loan	15	(96)	(1,949)
Lease Liabilities	16	(203)	(214)
Trade and Other Payables	14	(6,110)	(4,743)
		<u>(6,409)</u>	<u>(6,906)</u>
Non-Current Liabilities			
Bank Loan	15	(2,359)	-
Trade and Other Payables	14	(275)	-
Deferred Tax Liabilities	18	(155)	(165)
Lease Liabilities	16	(175)	(243)
		<u>(2,964)</u>	<u>(408)</u>
Total Liabilities		<u>(9,373)</u>	<u>(7,314)</u>
Net Assets		<u>16,229</u>	<u>15,713</u>
Equity			
Share Capital	19	1,351	1,348
Investment in Own Shares	19	(324)	(324)
Share Premium Account	19	959	943
Share Based Payment Reserve	19	62	62
Merger Reserve	19	230	230
Retained Earnings	19	13,951	13,454
Equity Attributable to Shareholders of The Parent		<u>16,229</u>	<u>15,713</u>

The notes on pages 48 to 86 form an integral part of these financial statements.

The financial statements were approved by the Board on 22 January 2025 and signed on its behalf by:

Stuart Stanyard
Director

Stuart Stanyard

Consolidated Statement of Changes in Equity

For the year ended 30 September 2024

	Share Capital £000	Investment in Own Shares £000	Share Premium Account £000	Share Based Payment Reserve £000	Merger Reserve £000	Retained Earnings £000	Total £000
2024							
At 1 October 2023	1,348	(324)	943	62	230	13,454	15,713
Loss for the Year	-	-	-	-	-	(325)	(325)
Other Comprehensive Income	-	-	-	-	-	950	950
Total Comprehensive Income	-	-	-	-	-	625	625
Share Based Payments	-	-	-	4	-	-	4
Dividends (Note 19)	-	-	-	-	-	(132)	(132)
Transfer on Exercise of Share Options	-	-	-	(4)	-	4	-
Proceeds from Issue of Shares	3	-	16	-	-	-	19
Transactions with Owners	3	-	16	-	-	(128)	(109)
At 30 September 2024	1,351	(324)	959	62	230	13,951	16,229
	Share Capital £000	Investment in Own Shares £000	Share Premium Account £000	Share Based Payment Reserve £000	Merger Reserve £000	Retained Earnings £000	Total £000
2023							
At 1 October 2022	1,348	(324)	943	49	230	12,510	14,756
Profit for the Year	-	-	-	-	-	859	859
Other Comprehensive Income	-	-	-	-	-	85	85
Total Comprehensive Income	-	-	-	-	-	944	944
Share Based Payments	-	-	-	13	-	-	13
Transactions with Owners	-	-	-	13	-	-	13
At 30 September 2023	1,348	(324)	943	62	230	13,454	15,713

The notes on pages 48 to 86 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2024

	2024 £000	2023 £000
(Loss)/Profit Before Tax	(593)	759
Finance Costs	192	149
Finance Income	(225)	(201)
Operating (Loss)/Profit	(626)	707
<i>Adjustments for:</i>		
Amortisation of Intangible Assets	346	192
Depreciation of Tangible Assets	547	404
Depreciation of Right of Use Assets	193	285
Loss on Sale of Plant and Equipment	80	4
Negative Goodwill	-	(941)
Equity Settled Share Based Payments	4	13
Operating cash flow before movements in working capital	544	664
<i>Movements in Working Capital:</i>		
(Increase)/Decrease in Inventories	(986)	264
Decrease/(Increase) in Trade and Other Receivables	511	(775)
Increase in Trade and Other Payables	1,138	87
Cash generated from operations	1,207	240
Income Taxes Received	47	45
Net cash inflow from operating activities	1,254	285
Purchase of Product Line (Note 24)	(250)	(250)
Purchase of Business Net of Cash Acquired (Note 25)	(503)	-
Purchase of Property, Plant & Equipment	(218)	(196)
Expenditure on Intangible Assets	(615)	-
Expenditure on Capitalised Development Costs	(63)	(120)
Net cash outflow from investing activities	(1,649)	(566)
Repayment of Bank Loan	(2,046)	(175)
New Bank Loan	2,500	-
Principal Elements of Lease Liabilities	(241)	(392)
Interest Paid	(192)	(149)
Dividend Paid	(132)	-
Proceeds from Issue of Share Capital	19	-
Net cash outflow from financing activities	(92)	(716)
Net Decrease in Cash and Cash Equivalents	(487)	(997)
Cash and Cash Equivalents at Start of the Year	1,202	2,199
Cash and Cash Equivalents at End of the Year	715	1,202

Consolidated Cash Flow Statement (continued)

For the year ended 30 September 2024

Net Debt

An analysis of the change in net debt is shown below:

	Bank Loan £000	Lease Liabilities £000	Cash and Cash Equivalents £000	Net Debt £000
At 1 October 2023	1,949	457	(1,202)	1,204
New Bank loan / Lease Obligations	2,500	162	-	2,662
Acquired borrowings / (cash)	52	-	(47)	5
Interest Costs	162	30	-	192
Repayment of Borrowings/Lease Liabilities	(2,208)	(271)	2,479	-
Other Cash Generated	-	-	(1,945)	(1,945)
At 30 September 2024	2,455	378	(715)	2,118

	Bank Loan £000	Lease Liabilities £000	Cash and Cash Equivalents £000	Net Debt £000
At 1 October 2022	2,124	596	(2,199)	521
New Lease Obligations	-	253	-	253
Interest Costs	131	18	-	149
Repayment of Borrowings/Lease Liabilities	(306)	(410)	716	-
Other Cash Expenditure	-	-	281	281
At 30 September 2023	1,949	457	(1,202)	1,204

The notes on pages 48 to 86 form an integral part of these financial statements.

Notes to the Financial Statements

For the Year ended 30 September 2024

1. Accounting Policies

A. General Information

LPA Group Plc (the "Company") is a public company incorporated, domiciled and registered in England and Wales. The Company's registered number is 00686433 and its registered office address is Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ, UK. The Company operates through its subsidiary trading entities from three locations in the UK as detailed on page 7.

B. Basis of Preparation

The consolidated financial statements have been prepared in accordance with UK – adopted International Accounting Standards (IFRS) and applicable Company Law. The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value, as disclosed in the accounting policies below. The measurement bases and principal accounting policies of the Group are set out below.

The financial statements are presented in pounds sterling (the Company's functional and presentational currency), rounded to the nearest thousand (£000).

C. Going Concern

The Group's business activities and the factors likely to affect its future performance are set out in the Strategic Report (which comprises information about LPA's Business model and strategy, the Chairman's Statement, the Financial Review, Key Performance Indicators and Principal Risks and Uncertainties) on pages 3 to 17. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are included in the Financial Review. In addition, the Group's treasury policy, its approach to the management of financial risk, and its exposure to liquidity and credit risks are outlined in note 17.

In assessing going concern, the main considerations have been trading, significant project delays and to a lesser extent inflationary pressures. The Group continues to witness some price pressures from commodities, utilities and wage inflation. These all pose risks to UK manufacturing businesses.

In assessing the Group's going concern the directors also note that (i) despite reporting a small underlying operating loss in the current year, the Group is expected to return to profitability in 2025; (ii) has in place adequate working capital facilities for its forecast needs and was cash generative on an operational level through the 2024 financial year, with a positive EBITDA and strong cash management; (iii) has a strong order book with significant further opportunities in its market place; and (iv) has proven adaptable in past periods of adversity, as again proven through the 2024 challenges. Therefore, the directors believe that it is well placed to manage its business risks successfully.

The directors continue to develop its strong working relationship with its bank that provides for the funding and working capital facilities as outlined in note 15. Should there be additional significant delays in our project-based work then there are actions available to management to mitigate any cash need. Note the covenant test was removed for this year end. We expect that if required the bank would remain supportive and a suitable agreement would be reached to provide the Group with sufficient financing. The current bank loan facility was extended for a further 5 years in March 2024 on the same terms.

After making enquiries including but not limited to compiling updated forecasts; sensitivities; and expectations, reviewing liabilities and risks and following confirmation of ongoing support from the Group's bank, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

D. Changes in Accounting Standards

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 October 2023 with no material impact. No new standards are applicable.

New Accounting Standards and Interpretations Not Yet Adopted

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 October 2024, or later periods, have been adopted early.

The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

E. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and both its subsidiaries and the Employee Benefit Trust ("EBT"), (together the "Group"). Subsidiaries are those entities over which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities. The Company obtains and exercises control through voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

The EBT is established through a third-party Trustee and is not controlled by the Group. However, the Trust's objective is to benefit the Group's employees, activities including acquiring shares in the Company to satisfy the exercise of share options. The Company is required to fund the activities and costs of the EBT and as such is required to consolidate the accounts of the EBT, which are prepared by the Trustee.

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are written off as incurred.

F. Intangible Assets

Goodwill

Goodwill representing the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. In the case of the fair value of assets acquired exceeding the fair value of consideration, negative goodwill arises which is recognised as a gain in the Income Statement.

Research and Development

Research expenditure is expensed in the income statement as incurred.

Development expenditure on a project is written off as incurred unless it can be demonstrated that the following conditions for capitalisation, in accordance with IAS38 Intangible Assets, are met:

- the intention is to complete the development of the intangible asset and use or sell it;
- the development costs are separately identifiable and can be measured reliably;
- management are satisfied as to the ultimate technical and commercial viability of the project; so that it will be feasible to complete and be available for use or sale;
- management are satisfied with the availability of technical, financial and other resources to complete the development and use or sell the intangible asset; and
- it is probable that the asset will generate future economic benefit.

Any subsequent development costs are capitalised and are amortised, within cost of sales, from the date the product or process is available for use, on a straight-line basis over its estimated useful life. The useful life for the development costs capitalised at the current year-end is up to 3 years.

Other Intangible Assets

Intangible assets acquired separately from a business 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 provided on intangible assets as to write off the cost, less estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Intellectual Property	10 -15 years straight line
Software	20% - 33% straight line

Amortisation has been expensed both within cost of sales and administrative expenses. Subsequent expenditure on the maintenance of computer software is expensed as incurred.

G. Impairment of Assets

Goodwill

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash-generating unit to which goodwill relates is tested annually for impairment or when events or changes in circumstances indicate that it might be impaired.

In an impairment test, the recoverable amount of the cash generating unit or asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use to the Group. An impairment loss is recognised in the income statement to the extent that the carrying value exceeds the recoverable amount.

In determining a cash-generating unit's or asset's value in use, 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 risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows.

A previously recognised impairment loss, other than goodwill, is reversed only if there has been a change in the previous indicator used to determine the assets' recoverable amount since the last impairment loss was recognised. The reinstated carrying amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years.

Other Non-Financial Assets

The Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine if there has been a triggering event which indicates 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 an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that this does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

H. Property, Plant and Equipment

Property, plant and equipment is stated at cost or deemed cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all property, plant and equipment, other than freehold land, by equal annual instalments over their estimated useful economic lives, on a straight-line basis. The rates generally applicable are:

Freehold Buildings	2%
Plant, Machinery and Equipment	7% - 15%
Motor Vehicles	20%
Furniture, Fittings and Office Equipment	10% - 20%
Computers	20% - 33%

Residual values are reviewed annually.

A profit or loss on disposal is recognised in the consolidated income statement at the surplus or deficit of disposal proceeds over net carrying amount of the asset at the time of disposal.

I. Right of Use Assets and Lease Liabilities

Right of Use assets and their associated lease liability are recognised at the lease commencement date. The Right of Use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The Right of Use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's and Company's incremental borrowing rate on commencement of the lease is used. Where a modification, including change of lease term or lease payments occurs, an adjustment to the lease liability and the right of use asset is recognised.

Where a finance lease is settled and a Right of Use asset is then acquired, a transfer to Tangible Intangible or Tangible Assets occurs, including the associated depreciation charge.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less or a value, excluding services charged, of \$5,000.

J. Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of ordinarily interchangeable items are based on a first-in, first-out basis. Cost includes direct materials, direct labour and an appropriate proportion of production overheads based on normal levels of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred through to disposal. Provision is made for obsolete, slow-moving and defective items.

K. Financial Instruments**Classification and Measurement of Financial Assets**

All financial assets are classified as either those which are measured at fair value through the Income Statement or Other Comprehensive Income, and those measured at amortised cost.

Financial assets are initially recognised at fair value. For those which are not subsequently measured at fair value through profit or loss, this includes directly attributable transaction costs. Trade and other receivables and cash and cash equivalents are subsequently measured at amortised cost.

Recognition and Derecognition of Financial Assets

Financial assets are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairment of Financial Assets

For trade and other receivables, the simplified approach permitted under IFRS 9 (Financial Instruments) is applied. The simplified approach requires that at the point of initial recognition the expected credit loss across the life of the receivable must be recognised. As these balances do not contain a significant financing element, the simplified approach relating to expected lifetime losses is applicable.

Trade and Other Receivables

Trade and other receivables are initially measured at fair value and are subsequently measured and carried at amortised cost using the effective interest method, less any impairment. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the Income Statement. For trade receivables, the carrying amount is reduced by the expected lifetime losses. To measure expected credit losses, trade receivables have been grouped on shared credit risk characteristics. The historical loss rates are adjusted to reflect current and future looking information. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the Income Statement.

Derivatives

Derivatives, including 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 with changes in value recognised in profit or loss. The Group does not currently apply hedge accounting.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short-term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Equity Instruments

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, borrowings, and lease liabilities.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost within the consolidated income and expenditure statement.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

L. Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising are credited or charged to the income statement within net operating costs in the period in which they arise.

M. Revenue

IFRS 15 (Revenue from Contracts with Customers) requires that in the normal course, revenues arise from the sale, refurbishment, repair or installation of products, excluding value added tax, trade or volume discounts, or values related to future performance obligations. Product revenues include, design and engineering, certification, testing and specific tooling related to the supply. Depending on the nature of a contract these can have one or more performance obligations which are recognised either at a point in time or over time depending on the nature of the performance obligation. On occasion, particularly in respect of complex or large contracts, design and engineering costs may be a separate performance obligation.

To determine whether to recognise revenue, the Group follows the 5-step process, recommended by the Standard:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s)

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or providing services to its customers. At the point of recognising revenue, the Group also recognises contract liabilities in respect of unsatisfied performance obligations that have been invoiced and reports these amounts as deferred income. Similarly, if the Group satisfies a performance obligation before it invoiced the customer, the Group recognises the asset within accrued income. Revenue is not recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs or the possible return of goods. See also note 1R.

N. Taxation

Current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and taking into account any adjustments in respect of prior years.

Deferred tax is calculated using the balance sheet liability method on temporary differences and provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilised or offset against deferred tax liabilities.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recognised in other comprehensive income or charged or credited directly to equity in which case the related deferred tax is also recognised in other comprehensive income or charged or credited directly to equity respectively.

O. Employee Benefits

Equity-Settled Share-Based Payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the income statement, with a corresponding credit to the share-based payment reserve.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value of the share options awarded (at the date of grant) and the number of options that are expected to vest. The Group has adopted the Black-Scholes model for the purposes of computing the fair value of options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and the share premium account when the options are exercised.

Short-Term Compensated Absences

A liability for short-term compensated absences, such as holiday, is recognised at the amount the Group may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Defined Contribution Pension Plans

The cost of defined contribution pension plans is charged to the income statement as they become payable.

Defined Benefit Pension Scheme

The Group's defined benefit pension scheme is closed to future accrual. The ongoing net liability or asset is calculated by estimating the amount of future benefit that employees earned in return for their service in prior periods; that benefit is discounted to determine its present value and then deducted from the fair value of plan assets. The discount rate is the yield on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. A full actuarial valuation is carried out every three years and updated at each balance sheet date using the projected unit method.

A retirement benefit asset is only recognised to the extent that the Group can benefit from a reduction in future contributions or refunds and is shown within non-current assets.

The net interest cost or income (the difference between the interest cost resulting from the increase in the present value of the defined benefit obligation over time, and the interest income on plan assets) is recognised in finance cost or income.

Past service cost is recognised immediately to the extent that benefits have already vested or is otherwise expensed on a straight-line basis over the average period until the benefits vest.

Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

P. Exceptional Costs and Non-Underlying Items

Management use a range of measures to assess the Group's financial performance. These include statutory measures calculated in accordance with IFRS together with "underlying operating profit/(loss)" as an adjusted measure of profitability. We report this measure as we believe that it provides useful additional information about the Group's performance.

Underlying Operating Profit/(Loss) represents the equivalent IFRS measure but adjusted to exclude items that we consider would prevent comparison of the Group's performance both from one reporting period to another and with other similar businesses.

Exceptional and Non-Underlying Items are not defined under IFRS. Exceptional items are classified as those items which are separately identifiable by virtue of their size and one-off nature and therefore warrant separate presentation. Non-underlying items are other items that we consider should be presented separately to allow a better understanding of the underlying performance of the business. Presentation of these measures is not intended to be a substitute for or to promote them above statutory measures.

Exceptional Costs and Non-Underlying Items are detailed in note 6 to the financial statements.

Q. Dividends

Dividends are recognised as a liability and a debit to reserves when approved by shareholders and no longer at the discretion of the company.

R. Use of Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements on the application of the Group's accounting policies and make estimates about the future. Actual results may differ from these assumptions. The critical judgements made in arriving at the amounts included in the financial statements are detailed below. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Key Estimate - Impairment of Goodwill

The determination of whether goodwill has been impaired requires an estimate of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires management to make an estimate of the expected future cash flows of the cash-generating units and to choose an appropriate discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill and the key assumptions used in the value in use calculations are disclosed in note 9.

Key Judgement - Acquisition Intangibles

Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. An impairment review is triggered on each intangible asset when performance is below initial expectations.

Key Judgement - R&D Expenditure

Management judgement is required in assessing the fair value of development costs capitalised including the future economic benefit expected to be generated by those assets and in calculating the attributable costs. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation. Further information is provided in note 9.

Key Estimate - Defined Benefit Pension Scheme

The retirement benefit position shown in the balance sheet is sensitive to changes in the assumptions used in the calculation of the defined benefit obligation in particular assumptions about the discount rate, inflation, mortality and future pension increases. The carrying amount of assets and liabilities relating to the defined benefit pension plan and the key assumptions used in the calculation of the defined benefit obligation are disclosed in note 21.

Key Judgement - Recognition of Defined Benefit Pension Scheme Surplus

IFRIC 14 requires the Directors to consider whether the Group is entitled to any surplus reported within the Scheme, such that on wind up, the Group would be entitled to unconditionally receive remaining funds. In the Directors opinion, on a wind up to determine the Scheme, which the Group is unilaterally able to commence as the sponsoring employer, following full settlement of all member benefits and all scheme liabilities, including tax due on a refund of a surplus is payable to the Group and as such the surplus shown in note 21 should be disclosed on the Balance Sheet, without impairment.

Key Judgement - Timing and Recognition of Revenue and Cost Recognition

IFRS 15 (Revenue Recognition) requires the Group to identify its performance obligations, determine the transaction price and allocate this to the performance obligations and recognise revenue at the point each performance obligation is satisfied within its contracts. Judgements are involved in determining the number of performance obligations in a contract and at which point to recognise income for services provided i.e. a point in time when a milestone is achieved or as work is performed.

The main judgement is whether the design and engineering work should be a separate performance obligation to the supply of products. The design and engineering element is often a separate performance obligation on more complex and bespoke projects where the level of such work is more significant.

Where design and engineering is determined to be a separate performance obligation, there is a further judgement on the level of contractual income to allocate to this work and whether the contractual terms support the recognition of this income over time, as the service is performed, rather than when complete.

Key Estimate - Provisions for Slow Moving or Obsolete Inventories

Inventories are carried at the lower of cost and net realisable value (NRV), taking account of material costs and absorbed manufacturing costs which are inclusive of direct labour and a proportion of production overheads. These are based on normal levels of activity which require estimates to apply appropriate cost absorptions to achieve a manufactured cost. NRV is reviewed in detail on an ongoing basis and provision for obsolete inventory is made based on a number of factors including age of inventories, the risk of technical obsolescence and the expected future usage.

Differences between such estimates and actual market conditions may have a material impact on the amount of the carrying value of inventories and may result in adjustments to cost of sales. Note 12 details the inventory provisions and the amounts written off to consolidated income statement in the year.

2. Operating Segments

All of the Group's operations and activities are based in, and its assets located in, the United Kingdom. The CODM does not review segmental assets and liabilities by segment and therefore no reconciliations are disclosed. For management purposes the Group comprises three divisions / product groups (in accordance with IFRS 8) - LPA Connection Systems (electro-mechanical), LPA Lighting Systems (lighting & electronics) and LPA Channel Electric (engineered component distribution), which collectively design, manufacture and market industrial electrical and electronic products. They operate across three market segments – Rail; Aerospace & Defence and Other. It is on this basis that the board of directors assess Group performance.

All revenue originates in the UK. An analysis by geographical markets and market segments is given below:

	2024	2023
	£000	£000
LPA Connection Systems	8,620	8,393
LPA Channel Electric	5,800	4,070
LPA Lighting Systems	9,126	9,249
	<u>23,546</u>	<u>21,712</u>

	2024	2023
	£000	£000
Revenue Recognised Over Time	86	166
Revenue Recognised at a Point in Time	23,460	21,546
	<u>23,546</u>	<u>21,712</u>

All revenue originates in the UK. An analysis by geographical markets and market segments is given below:

	2024	2023
Rail	69%	75%
Aerospace and Defence	25%	20%
Other	6%	5%
	<u>100%</u>	<u>100%</u>

	2024	2023
	£000	£000
United Kingdom	13,843	13,266
Rest of Europe	6,390	5,598
Rest of World	3,313	2,848
	<u>23,546</u>	<u>21,712</u>

One customer (2023: one) represented more than 10% of Group revenue, at 17% (2023: 24%) of revenue.

3. Employee Information

The average number of people employed by the Group, including Directors, during the year was:

	2024	2023
Production	100	103
Sales and Distribution	35	34
Administration	19	17
	<u>154</u>	<u>154</u>

The employee benefit expense for the year amounted to:

	2024 £000	2023 £000
Wages and Salaries	6,121	5,772
Social Security Costs	682	585
Reorganisation Costs / Staff Changes (Note 6)	186	-
Pension costs - Defined Contribution Arrangements (Note 21)	352	315
Share Based Payments (Note 20)	4	13
	<u>7,345</u>	<u>6,685</u>

Detailed information concerning directors' emoluments, shareholdings and options is shown in the Remuneration Report. Employee costs included above and capitalised as intangible development cost and software additions totalled £200,000 (2023: £120,000).

4. Finance Income

	2024 £000	2023 £000
Net Pension Interest Income (note 21)	<u>225</u>	<u>201</u>

5. Finance Costs

	2024 £000	2023 £000
Bank Loan and Overdraft Interest	162	131
Interest on Lease Liabilities	30	18
	<u>192</u>	<u>149</u>

6. Operating (Loss)/Profit

	2024	2023
	£000	£000
A. Component costs in arriving at Cost of Sales		
Materials (to Added Value)	11,884	10,790
Cost of Sales - Exceptional Item (see note 6c)	-	152
Production Overhead & Direct Labour	6,184	5,856
Cost of Sales	<u>18,068</u>	<u>16,798</u>
	2024	2023
	£000	£000
B. Expenses by nature within Underlying Operating Loss		
Amortisation of Intangible Assets	346	192
Depreciation of Tangible Assets	547	404
Depreciation of Right of Use Assets	193	285
Loss on Disposal of Assets	80	4
Lease Rentals / Short Term Hire Charges		
- Plant, Equipment & Motor Vehicles	15	33
Fees Payable to the Company's Auditor:		
- For the Audit of the Company's Annual Accounts	67	57
- The Audit of The Company's Subsidiaries Pursuant to Legislation	<u>108</u>	<u>114</u>
	2024	2023
	£000	£000
C. Within Exceptional Items		
Write-off of Obsolete Inventory	-	152
Acquisition Costs	190	-
Reorganisation Costs/Staff Changes	<u>186</u>	<u>-</u>
	<u>376</u>	<u>152</u>

Acquisition costs of £190,000 primarily relate to the non-recurring costs of the Red Box Int Holdings Limited acquisition in January 2024, as note 25, and cover legal, severance and move costs.

Reorganisation costs / staff changes of £186,000 in 2024 relate to a loss of office payment and recruitment costs for a successor.

Write-off of obsolete inventory cost in 2023 relates to a review of inventory held in LPA Connection Systems which was no longer able to be sold due to relating to a discontinued product line.

7. Taxation

	2024 £000	2023 £000
A. Recognised in The Income Statement		
Current Tax Expense		
UK Corporation Tax	(34)	(30)
Adjustment in Respect of Prior Years	(17)	(151)
	<u>(51)</u>	<u>(181)</u>
Deferred Taxation		
Origination and Reversal of Temporary Differences	(33)	81
Adjustment in Respect of Prior Years	(184)	-
	<u>(217)</u>	<u>81</u>
Total Corporation Tax Credit	<u><u>(268)</u></u>	<u><u>(100)</u></u>
B. Reconciliation of Effective Tax Rate	2024 £000	2023 £000
(Loss)/ Profit Before Tax	<u>(593)</u>	<u>759</u>
Tax at The Average UK Corporation Tax Rate of 25% (2023: 22%)	(148)	167
Effects of:		
- Tax Rate Change	-	21
- Enhanced Deduction for Qualifying R&D Expenditure	(39)	(48)
- Losses Surrendered	85	55
- Prior Period Adjustments	(201)	(151)
- Non-Taxable Negative Goodwill	-	(192)
- Losses Not Recognised	9	48
- Other Differences	26	-
Total Income Tax Credit	<u><u>(268)</u></u>	<u><u>(100)</u></u>
C. Current and Deferred Tax Recognised Directly in Equity	2024 £000	2023 £000
Tax Charge Arising on Share Options	<u>-</u>	<u>-</u>

8. (Loss)/Earnings Per Share

The calculation of (loss)/earnings per share is based upon the loss for the year of £325,000 (2023: profit of £859,000) and the weighted average number of ordinary shares in issue during the year of 13.503m (2023: 13.483m) less investment in own shares of 0.3m (2023: 0.3m), of 13.203m (2023: 13.183m).

	2024			2023		
	(Loss) £000	Weighted Average No of Shares '000	Earnings Per Share Pence	Earnings £000	Weighted Average No of Shares '000	Earnings Per Share Pence
Basic (Loss)/Earnings Per Share	(325)	13,203	(2.46)	859	13,183	6.52
Effect of Share Options		-	-		21	(0.01)
Diluted (Loss)/Earnings Per Share	(325)	13,203	(2.46)	859	13,204	6.51

Basic and diluted earnings per share are equal for the year ended to 30 September 2024, since where a loss is incurred the effect of outstanding share options is considered anti-dilutive and is excluded for the purpose of the diluted loss per share calculation.

9. Intangible Assets

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit that is expected to benefit. The Group's goodwill solely relates to its investment in LPA Lighting Systems through the acquisition of Excil Electronics Ltd.

The recoverable amount of the cash-generating unit ("CGU") to which the goodwill relates is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the cash-generating unit was determined from value in use calculations, and the key assumptions in these calculations were the assessment of initial cash flows, the long-term growth rate of those cash flows, and the discount rate applied.

Initial cash flows reflect the most recent plans approved by management. They are based on past experience and take into account management expectations of future developments in markets and operations. The initial cash flows covered the first two years of the projections: thereafter cash flow projections were extrapolated into perpetuity at a growth rate of 2% (2023: 2%) which is considered to be consistent with the long-term average growth rate for the businesses concerned. The discount rate applied was 12.5% (2023: 12.5%), a pre-tax rate that reflects an assessment of the time value of money and the risks specific to the cash-generating units concerned. No impairment arose in the year. Management believes that the key assumptions on which the recoverable amount is based are appropriate and that any reasonable change in these assumptions would not lead to a materially different conclusion. Key to the assessment of impairment of Goodwill are the achievement of future revenue and value add % assumptions. The growth rates assumed are between 11% and 12% for the next 3 years, with 2% growth thereafter.

Were the CGU to not achieve growth assumptions but trade at the levels reported in the 2024 year, the carrying amount would still maintain the recoverable amount of goodwill.

Movements in the Year:

	Goodwill	Intellectual Property	Development Costs	Software	Total
	£000	£000	£000	£000	£000
Cost					
At 1 October 2022	1,234	-	525	577	2,336
Additions	-	1,754	120	-	1,874
Reclassification	-	-	-	(2)	(2)
At 1 October 2023	1,234	1,754	645	575	4,208
Additions	-	-	63	615	678
Acquisition	-	829	-	-	829
At 30 September 2024	1,234	2,583	708	1,190	5,715
Amortisation and impairment					
At 1 October 2022	85	-	216	562	863
Charge for the Year	-	58	121	13	192
Reclassification	-	-	-	(3)	(3)
At 1 October 2023	85	58	337	572	1,052
Charge for the year	-	179	163	4	346
At 30 September 2024	85	237	500	576	1,398
Net Carrying Amount					
At 30 September 2024	1,149	2,346	208	614	4,317
At 30 September 2023	1,149	1,696	308	3	3,156

The amortisation charge is recognised across cost of sales and administrative expenses within the consolidated income statement.

The intellectual property addition in this financial year represents the fair value of the acquisition made on 4 February 2024. See Note 25 for further details.

The software addition relates to the new ERP system which was not amortised in the as not yet in use.

10. Tangible Fixed Assets

	Freehold Land and Buildings £000	Plant, Vehicles and Equipment £000	Total £000
Cost			
At 1 October 2022	4,500	6,322	10,822
Additions	-	196	196
Transferred **	-	969	969
Disposals	-	(825)	(825)
Reclassification	5	(3)	2
	4,505	6,659	11,164
At 1 October 2023			
Additions	-	218	218
Transferred **	-	263	263
Disposals	-	(87)	(87)
Acquisition	-	158	158
	4,505	7,211	11,716
At 30 September 2024			
Depreciation			
At 1 October 2022	587	5,461	6,048
Charge for the Year	84	320	404
Transferred**	-	450	450
Disposals	-	(824)	(824)
Reclassification	20	(17)	3
	691	5,390	6,081
At 1 October 2023			
Charge for the year	85	462	547
Transferred**	-	128	128
Disposals	-	(58)	(58)
	776	5,922	6,698
At 30 September 2024			
Net Carrying Amount			
At 30 September 2024	3,729	1,289	5,018
At 30 September 2023	3,814	1,269	5,083

The depreciation charge has been recognised across cost of sales and administrative expenses within the consolidated income statement.

** Transfers relate to right of use assets which are no long subject to lease obligations.

11. Right of Use Assets

	Plant, Vehicles and Equipment £000
Cost	
At 1 October 2022	1,808
Additions	265
Transferred**	(969)
Disposals	(104)
At 1 October 2023	<u>1,000</u>
Additions	225
Transferred**	(263)
Disposals	(149)
At 30 September 2024	<u>813</u>
Depreciation	
At 1 October 2022	597
Charge for the Year	285
Transferred**	(450)
Disposals	(104)
At 1 October 2023	<u>328</u>
Charge for the year	193
Transferred **	(128)
Disposals	(98)
At 30 September 2024	<u>295</u>
Net Carrying Amount	
At 30 September 2024	<u>518</u>
At 30 September 2023	<u>672</u>

The depreciation charge has been recognised across cost of sales and administrative expenses within the Consolidated Income Statement.

** Assets which are no longer subject to lease obligations are transferred to tangible fixed assets (note 10).

12. Inventories

	2024	2023
	£000	£000
Raw Materials and Consumables	2,719	2,078
Work in Progress	903	958
Finished Goods and Goods for Resale	2,127	1,267
	<u>5,749</u>	<u>4,303</u>

Inventories are reported inclusive of the following provisions:

	2024	2023
	£000	£000
Opening Provisions	(906)	(938)
Additional Provisions	(172)	(167)
Exceptional Provision (See Note 6)	-	(152)
Acquisitions (Note 25)	(99)	-
Utilised (Inventory Scrapped/Written Off)	61	258
Released (Inventory Utilised/Sold)	80	93
Closing Provisions	<u>(1,036)</u>	<u>(906)</u>

13. Trade and Other Receivables

	2024	2023
	£000	£000
Trade Receivables	4,653	5,451
Other Receivables	30	35
Prepayments	678	356
Accrued Income	28	28
	<u>5,389</u>	<u>5,870</u>

Trade Receivables are Stated after Credit Losses Provided of:

	-	-
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The directors estimate that the carrying value of financial assets within trade and other receivables approximate their fair value. Details of the Group's exposure to credit and market risk related to trade and other receivables together with an analysis of the movement in the expected credit loss are disclosed in note 17.

Accrued income is recognised in line with the Revenue Recognition policy, taking account of works carried out where a contractual underwriting exists such that in the event of cancellation, the Group is entitled to recover such costs as incurred to that point in time. All amounts are expected to be invoiced within 12 months.

14. Trade and Other Payables

	2024	2023
	£000	£000
Current		
Trade Payables	4,121	3,277
Other Taxation and Social Security	321	446
Other Payables	47	79
Accruals	629	253
Deferred Income	717	438
Deferred Consideration (Note 25)	275	250
	<u>6,110</u>	<u>4,743</u>
Non-Current	2024	2023
	£000	£000
Deferred Consideration (Note 25)	<u>275</u>	<u>-</u>

The directors estimate that the carrying value of trade and other payables is approximate to their fair value.

Deferred income recognised at year end was represented by nine contracts (2023: one), as follows:

	2024	2023
	£000	£000
Deferred Income at 1 October	438	336
Invoiced During the Year	598	268
Sales Recognised in the Year	(319)	(166)
Deferred Income at 30 September	<u>717</u>	<u>438</u>

All deferred income relates to the rail sector, with 81% expected to be recognised within one year (2023: 33%) with the remaining 19% (2023: 67%) between one and three years. The level of deferred income is due to the level of activity at the year end with some deferred income carried forward from the previous year due to a large multi-year contract.

15. Borrowings

	2024	2023
	£000	£000
Current		
Bank Loan	96	1,949
Non-Current		
Bank Loan	<u>2,359</u>	<u>-</u>
	<u>2,455</u>	<u>1,949</u>

Bank Loan and Overdraft

The Group's principal banking facilities are with Barclays, comprising a bank loan and an overdraft facility.

The Group's main finance is a bank loan drawn down in 2024 at £2.5m, repayable over 5 years. The loan has a 5-year term and bullet repayment and was drawn to refinance a previous loan with the same profile. As at 30 September 2024 the amount outstanding was £2.5m (2023: £1.9m). Interest is chargeable at base rate plus 2.25%. The loan has a loan to value and a debt service covenant, measured annually. Note the covenant test was removed for this year end. There will be an annual covenant test for next year end onwards being a ratio of cashflow against debt service.

The overdraft agreement provides for a facility limited to one-third of the value of eligible trade debtors, up to a maximum of £1.5m. During the year the facility was used three times with an average balance of £100,000. At the year end, it was unutilised, with £1.5m of facility available (2023: £1.5m). Interest is payable at base plus 2.0%.

The following security is provided to the bank in respect of the above facilities: (i) a legal charge over the developed freehold land and buildings owned by the Group; (ii) a debenture from each Group company; and (iii) a composite guarantee by each Group company as guarantor in favour of the Bank.

16. Lease Liabilities

Right of Use Liabilities

Right of use liabilities, as finance leases, typically have a four-to-five-year term and bear interest fixed at the time of the commitment. The Group's obligations under right of use leases are secured by the finance providers title to the asset held under lease and have an incremental borrowing rate of 5.2% (2023: 5.2%) The minimum payments under right of use obligations, fall due as follows:

	2024 £000	2023 £000
Within one year	203	214
Between one and five years	175	243
	<u>378</u>	<u>457</u>
Lease payments - cash outflow in the year	<u>271</u>	<u>410</u>

Lease expenses

Future minimum rentals payable under non-cancellable operating leases or short-term hire contracts, representing short term or minimal value Lease obligations are as follows:

	2024 £000	2023 £000
Within one year	<u>6</u>	<u>15</u>
Operating lease expenses and short-term hire costs – expensed through the Consolidated Income Statement in the year	<u>15</u>	<u>33</u>

17. Financial Instruments

A. Financial Risk Management

The Group's treasury policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, liquidity and credit risks. The Group's principal financial instruments comprise bank loans and overdrafts, lease liabilities, cash and cash equivalents, together with trade and other receivables and trade and other payables that arise directly from its operations. The main risks arising from the Group's financial instruments and the approaches to them are detailed below.

B. Capital Management

The Group's policy is to minimise its cost of capital, by optimising the balance between equity and debt, whilst ensuring its ability to continue as a going concern, to provide returns to shareholders and benefits for other stakeholders. In practice decisions to fund transactions through either equity or debt are made on a case-by-case basis and are based upon circumstances at the time.

The Group's capital structure is as follows:

	2024 £000	2023 £000
Equity	16,229	15,713
Net debt - Borrowings plus Lease Liabilities less cash balances	2,118	1,204
Overall Financing	18,347	16,917
Gearing (Net Debt as a % of Total Equity)	13.1%	7.7%

Gearing, which is the principal measure used by the Group to monitor its capital structure, increased in the year, principally due to recent acquisitions and investment in a new ERP system.

The Board routinely monitors other aspects of financial performance to ensure compliance with bank borrowing requirements. There were no changes in the Group's approach to capital management during the year.

C. Currency risk

Currency exposure arises on sale or purchase transactions in currencies other than sterling, the functional currency of the companies within the Group. It is the Group's policy to manage risk to exchange rate movements affecting sales and purchases by either hedging or netting currency exposures at the time of commitment, or when there is a high probability of future commitment arising, using forward exchange contracts. The Group does not trade in derivatives or make speculative hedges.

Currency Exposures

The table below shows the Group's currency exposure after taking into account the effect of any currency hedges entered into:

	2024			2023		
	Cash and Cash Equivalents	Other Net Monetary Assets and Liabilities	Total Net Monetary Assets and Liabilities	Cash and Cash Equivalents	Other Net Monetary Assets and Liabilities	Total Net Monetary Assets and Liabilities
	£000	£000	£000	£000	£000	£000
Euro	978	996	1,974	1,123	799	1,922
US Dollar	29	126	155	2	(52)	(50)
Aus Dollar	-	15	15	-	60	60
	1,007	1,137	2,144	1,125	807	1,932

Sterling: forex rates strengthened from the start to the end of the year, Euro rates by 3.9%, USD 9.7%. The Group's opening cash and cash equivalents would have decreased by £68,000 were the 2024 rates have been in place at 30 September 2023.

Forward Currency Contracts

The Group has forward foreign exchange contracts covering of €4.0 m (2023: €4.0 m) of Euro income at the year end. The contracts all expire by 30 September 2025 with an average rate of 1.1717 (2023: an average rate of 1.1433). At the year-end these have been fair valued at £80,000 and an asset has been recognised (2023: asset of £28,000).

Sensitivity

At 30 September 2024 if sterling had weakened / strengthened by 10% against the euro with all other variables held constant the effect on pre-tax profit and equity as a result of foreign exchange gains/ (losses) on translation would be:

	2024		2023	
	Effect on Profit Before Tax	Effect on Equity	Effect on Profit Before Tax	Effect on Equity
	£000	£000	£000	£000
Sterling Weakens By 10% Against the Euro	197	-	192	-
Sterling Strengthens By 10% Against the Euro	(197)	-	(192)	-

The above does not cover US Dollars and Australian Dollars where the impact is not significant.

D. Interest Rate Risk

The Group is exposed to risk from the effect of changes in floating interest rates on the level of interest it pays on its borrowings and receives on its cash deposits.

The only financial liabilities of the Group which are subject to interest charges are bank loans, overdrafts, and lease liabilities. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.

Interest Rate Risk Profile

Interest rates are managed by using fixed and floating rate borrowings. Floating rate liabilities comprise bank loan and overdraft. During the year their weighted average interest rate was 7.3% (2023: 6.1%). Fixed rate liabilities comprise lease liabilities which bear interest at the negotiated market rate prevailing at the time the commitment is made. In the year the weighted average interest rate of the fixed rate financial liabilities, was 5.2% (2023: 5.2%). The composite interest rate across fixed and floating borrowings and liabilities was 6.4% (2023: 5.6%).

The interest rate profile of the Group's financial (assets) and liabilities at 30 September was:

	2024 £000	2023 £000
Floating Rate		
Cash and Cash Equivalents	(715)	(1,202)
Bank Loan	2,455	1,949
	<u>1,740</u>	<u>747</u>
Fixed Rate		
Lease Liabilities	<u>378</u>	<u>457</u>

Sensitivity

If market interest rates on floating rate borrowings and cash deposits had been 1% (100 basis points) higher during the year to 30 September 2024, with all other variables held constant the pre-tax profit would have been lower by £20,000 (2023: £21,000).

E. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach is to ensure that, as far as possible, it will have adequate resources to meet its foreseeable financing requirements, with headroom to cope with adverse market conditions. The Group's operations are funded through a combination of retained profits, acquiring an element of its fixed assets under lease agreements, medium-term bank loans with short-term flexibility achieved through the use of overdraft facilities. The overdraft facility was unused at the end of 2024 and is a revolving facility. The Group's loan is a secured facility and continues to be regularly monitored to ensure it is not in breach of its covenants. The valuations of the freehold security are regularly discussed with the lender and are moderately geared. The facility was renewed in January 2025 and expires in March 2029.

Un-Drawn Committed Facilities

The Group's un-drawn committed borrowing facilities available at 30 September 2024 comprise its bank overdraft expiring in one year or less at £1.5m (2023: £1.5m). See note 15 for the terms of the facility.

Maturity Profile of the Group's Financial Liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2024	Within 1 Year	Between 1 and 2 Years	Between 2 and 3 Years	Between 3 and 4 Years	Between 4 and 5 Years	Over 5 Years	Total
	£000	£000	£000	£000	£000	£000	£000
Borrowings - Bank Loan	278	278	278	278	2,091	-	3,203
Lease Liabilities	215	144	36	-	-	-	395
Trade and Other Payables	5,072	275	-	-	-	-	5,347
	5,565	697	314	278	2,091	-	8,945

2023	Within 1 Year	Between 1 and 2 Years	Between 2 and 3 Years	Between 3 and 4 Years	Between 4 and 5 Years	Over 5 Years	Total
	£000	£000	£000	£000	£000	£000	£000
Borrowings - Bank Loan	2,009	-	-	-	-	-	2,009
Lease Liabilities	216	146	84	20	-	-	466
Trade and Other Payables	3,859	-	-	-	-	-	3,859
	6,084	146	84	20	-	-	6,334

F. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables, but also from cash and cash equivalents, and other financial assets.

Trade Receivables and Accrued Income

The Group's exposure to credit risk is principally influenced by the individual characteristics of each customer as opposed to a more general demographic of the customer base. Credit risk is managed on an ongoing basis by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. Credit risk is minimised through cash flow management and the use of proforma remittances or guarantees where appropriate.

Cash and Cash Equivalents

The Group monitors counterparties with whom it deposits cash and transacts other financial instruments so as to control exposure to any one institution. The Group have assessed Barclays Bank to provide a low risk of exposure.

Exposure to Credit Risk

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. At the end of 2024 these totalled £4.7m (2023: £5.5m). The Group held no collateral as security against any trade receivables.

The concentration of credit risk is sensitive to the timing of larger projects. The Group's most significant customer accounted for 20% of trade receivables at 30 September 2024 (2023: 38.2%).

Impairment Losses

In determining the recoverability of trade receivables, the Group considers the ageing of each debtor and any change in the circumstances of the individual customer to determine the expected credit loss. Following adoption of IFRS 9 (Financial Instruments), the expected credit loss reflects a composite judgment of the Group's loss experience and the market conditions at a point in time. The Group has managed its credit facilities and based on previous experience, a provision of £nil (2023 £nil) has been applied.

The ageing of trade receivables at the reporting date was:

	2024		2023	
	Gross £000	Expected credit loss £000	Gross £000	Expected credit loss £000
Not Past Due	3,290	-	2,663	-
Past Due 1-30 days	862	-	1,603	-
Past Due 31-90 days	167	-	900	-
Past Due 91 days to Less Than One Year	334	-	285	-
	4,653	-	5,451	-

The Group works closely with customers, which are predominantly represented by blue chip entities, to recover all trade receivables without loss. In circumstances where this cannot be achieved the Group utilises third party collection agencies and specialists to recover all such receivables. Only where there is reasonable expectation that these steps will not be successful would an impairment be written off.

The movement in the expected credit loss in respect of trade receivables during the year was:

	2024 £000	2023 £000
Balance at Start of Year	-	17
Released to the Income Statement	-	(17)
Balance at End of Year	-	-

The impairment reduction of £nil (2023: £17k) relates to the Group's assessment of the risk of non-recovery from a range of customers and reference to its historical low level of bad debts.

G. Classification and Fair Values of Financial Assets and Liabilities

The table below sets out the Group's accounting classification of each class of financial asset and financial liability. The directors consider that the carrying value of financial assets and liabilities approximate their fair values.

For cash and cash equivalents and floating rate borrowings the fair values are the same as the carrying value.

2024	Amortised Cost £000	Total Carrying Value £000	Fair Value £000
Financial Assets - Loans and Receivables			
Trade and Other Receivables	4,711	4,711	4,711
Derivative Asset	-	80	80
Cash and Cash Equivalents	715	715	715
	<u>5,426</u>	<u>5,506</u>	<u>5,506</u>
Financial Liabilities - At Amortised Cost			
Borrowings - Bank Loan	(2,455)	(2,455)	(2,455)
Lease Liabilities	(378)	(378)	(378)
Trade and Other Payables	(5,347)	(5,347)	(5,347)
	<u>(8,180)</u>	<u>(8,180)</u>	<u>(8,180)</u>
Net Financial Liabilities	<u>(2,754)</u>	<u>(2,674)</u>	<u>(2,674)</u>
2023	Amortised Cost £000	Total Carrying Value £000	Fair Value £000
Financial Assets - Loans and Receivables			
Trade and Other Receivables	5,514	5,514	5,514
Derivative Asset	-	28	28
Cash and Cash Equivalents	1,202	1,202	1,202
	<u>6,716</u>	<u>6,744</u>	<u>6,744</u>
Financial Liabilities - At Amortised Cost			
Borrowings - Bank loan	(1,949)	(1,949)	(1,949)
Lease Liabilities	(457)	(457)	(457)
Trade and Other Payables	(3,859)	(3,859)	(3,859)
	<u>(6,265)</u>	<u>(6,265)</u>	<u>(6,265)</u>
Net Financial Assets	<u>451</u>	<u>479</u>	<u>479</u>

H. Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The derivatives are fair valued using level 2 valuation techniques that maximise the use of observable market data and rely as little as possible on entity -specific estimated. All other financial assets and liabilities fall into level 3 valuation category.

18. Deferred Tax

The assets/(liabilities) recognised are as follows:

	Property, Plant and Equipment	Tax Losses	Acquired Intangibles	Other	Total
	£000	£000	£000	£000	£000
At 1 October 2022	(163)	470	-	(78)	229
Recognised in Income Statement	57	(154)	15	1	(81)
Acquired in Year	-	-	(313)	-	(313)
At 1 October 2023	(106)	316	(298)	(77)	(165)
Acquired in Year	-	-	(207)	-	(207)
Recognised in Income Statement	(217)	312	45	77	217
At 30 September 2024	(323)	628	(460)	-	(155)

Deferred tax has been provided at 25% at 30 September 2024 (2023: 25%).

A deferred tax asset has not been recognised on trading losses of £630,000 (2023: £484,000) due to uncertainty over their future use.

An analysis of the deferred tax balances for reporting purposes is given below:

	Property, Plant and Equipment	Tax Losses	Acquired Intangibles	Other	Total
	£000	£000	£000	£000	£000
Deferred Tax Assets	81	628	-	-	709
Deferred Tax Liabilities	(404)	-	(460)	-	(864)
At 30 September 2024	(323)	628	(460)	-	(155)
Deferred Tax Assets	76	316	-	-	392
Deferred Tax Liabilities	(182)	-	(298)	(77)	(557)
At 30 September 2023	(106)	316	(298)	(77)	(165)

19. Equity

Share Capital

Share capital is the total of the nominal value (10p) of shares issued.

Issued and Fully Paid	2024		2023	
	Number	£000	Number	£000
In Issue at the Start of the Year	13,483,229	1,348	13,483,229	1,348
Allotted Under Share Plans	30,000	3	-	-
In Issue at the End of the Year	13,513,229	1,351	13,483,229	1,348

During the year 30,000 share options at an average exercise price of 63.2p were exercised (2023: no options).

The market price of the Company's shares on 30 September 2024 was 59.5p per share (2023: 80.5p) and the price range during the year was 59.5p to 86.0p per share (2023: 72.5p to 101.5p).

Proposed Dividends

No dividend is proposed (2023: a final dividend of 1p per ordinary share which was paid during the year to 30 September 2024).

Investment in Own Shares

This reserve records the share capital acquired in the Company including share premium paid, by the Company as Treasury Shares or by the LPA Group Plc Employee Benefit Trust ("EBT"). Shares held at 30 September 2024 by the EBT totalled 300,000 (2023: 300,000).

Share Premium Account

This reserve records the premium for shares issued at a value that exceeds their nominal value.

Share Based Payment Reserve

This reserve represents equity-settled share-based employee remuneration for outstanding options recognised over the vesting period.

Merger Reserve

This reserve records the premium for shares issued, as part consideration on the acquisition of Haswell Engineers, at a value that exceeded their nominal value, and which qualified for merger relief.

Retained Earnings Reserve

This reserve records the retained earnings in the current and prior periods at the balance sheet date.

20. Share Based Payments

The Group operated two equity-settled share-based payment arrangements in the year and a summary of each of the schemes is given below. The schemes are open to executive directors and selected senior managers within the Group.

The Group's share-based remuneration expense recognised in the year was £4,000 (2023: £13,000).

The option price for grants under the schemes is nil, or at a discretionary value as specified otherwise in the award certificate or the award agreement. Options will normally be exercisable between three and ten years following grant. Any performance criteria are at the discretion of the Remuneration Committee at each award.

Outstanding options to subscribe for ordinary shares of 10p each at 30 September 2024 are as follows:

Scheme	Date of Grant	Exercise price	Dates when Exercisable	Number of Options 2024	Number of Options 2023
2018 Performance Share Plan					
	Aug 2018	104.8p	02/08/21 to 01/08/28	60,000	60,000
	Feb 2020	109.3p	20/02/23 to 19/02/30	170,000	170,000
	July 2020	63.2p	23/07/23 to 22/07/30	40,000	70,000
	Mar 2021	83.5p	02/03/24 to 01/03/31	35,000	35,000
				<u>305,000</u>	<u>335,000</u>
2023 Performance Share Plan					
	Jul 2023*	50p	26/07/27 to 25/07/33	125,000	255,000
				<u>125,000</u>	<u>255,000</u>
				<u>430,000</u>	<u>590,000</u>

A reconciliation of the movement in the number of share options is given below:

	2024		2023	
	Weighted Average Exercise Price (P)	Number of Options	Weighted Average Exercise Price (P)	Number of Options
Outstanding at the Beginning of the Year	76.2	590,000	96.2	335,000
Granted During the Year	-	-	50.0	255,000
Exercised During the Year	63.2	(30,000)	-	-
Lapsed During the Year	50.0	(130,000)	-	-
Outstanding at the End of the Year	85.0	430,000	76.2	590,000
Exercisable at the End of the Year	99.4	305,000	97.6	300,000

The options outstanding at the end of the year have an exercise price in the range of 63.2p to 109.3p and a weighted average contractual life of 6.3 years (2023: 7.8 years).

* The performance hurdles in relation to 125,000 outstanding share options issued in 2023 are intended to be adjusted in order to remain a long-term incentive (2023: 255,000 share options were awarded to Directors as one award at an exercise price of 50p subject to three increasingly targeted performance hurdles which are related to earnings per share and market capitalisation).

A estimated valuation of £10,000 (2023: £nil) is attributed to the rebasing of the performance hurdles of the 125,000 share options noted above under IFRS2 in line with current assumptions.

The share-based remuneration expense recognised is calculated using the Black-Scholes valuation model, the principal assumptions being:

	2021
Date of Award	2 March 2021
Share Price at Date of Award (p)	82.5
Exercise Price of Option at Date of Award (p)	83.5
Fair Value of Option at Date of Award (p)	22.0
Weighted Average Vesting Period (Years)	3
Expected Option Life (Years)	10
Expected Forfeitures (%)	5.0
Volatility (%)	42.0
Risk Free Interest Rate (%)	0.14
Dividend Yield (%)	1.32

The expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publicly available information.

21. Employee Benefits

A. Defined Contribution Scheme

The Group makes contributions to a defined contribution arrangement. The pension cost charged to the income statement for the year in respect of these schemes was £352,000 (2023: £315,000). The liability to the scheme at the balance sheet date is £49,000 (2023: £Nil).

B. Defined Benefit Scheme

The Group also sponsors a funded defined benefit pension arrangement. There is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 111 past employees as at 31 March 2024 (2023: 115). The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The plan is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pension Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK. The trustees of the plan are required to act in the best interests of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation. It is policy that one third of all trustees should be nominated by the members.

The scheme is administered by the Section of the Pensions Master Plan managed by ISIO.

A full actuarial valuation was carried out as at 31 March 2024 in accordance with the scheme funding requirements of the Pension Act 2004, by Mark McClintock of ISIO, and the funding of the plan is agreed between the Group and the trustees in line with those requirements. These in particular require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation at 31 March 2024 reported a surplus of £3.29m. The Group has agreed with the trustees to pick up some statutory costs of running the scheme, with all other costs being borne by the scheme itself. There were no voluntary contributions (2023: £Nil).

For the purposes of IAS19 the actuarial valuation as at 31 March 2024, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 September 2024. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

The scheme is aware of the Virgin Media case and that is investigating the potential implications but at this stage we are not aware of any specific issues that may impact the disclosures.

Amounts included in the Balance Sheet

	2024	2023
	£000	£000
Fair Value of Scheme Assets	13,123	12,219
Present Value of Defined Benefit Obligation	(8,080)	(8,092)
Pension Surplus	5,043	4,127
Restriction of Pension Surplus	(1,261)	(1,444)
Asset Recognised in the Balance Sheet	<u>3,782</u>	<u>2,683</u>

Under UK tax legislation a tax deduction of 25% (2023: 35%) is applied to a refund from a UK pension scheme, before it is passed to the employer. This tax deduction has been applied to restrict the value of the surplus recognised for the pension scheme.

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method. This method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The value calculated in this way is reflected in the asset to be recognised in the balance sheet as shown above. All actuarial gains and losses will be recognised in the year in which they occur in other comprehensive income.

Reconciliation of the Impact of the Asset Ceiling

The Group has reviewed implications of the guidance provided by IFRIC 14 and has concluded that it is not necessary to make any adjustments to the IAS19 figures in respect of an asset ceiling or Minimum Funding Requirement as at 30 September 2024.

Reconciliation of Opening and Closing Present Value of the Defined Benefit Obligation

	2024	2023
	£000	£000
Defined Benefit Obligation at Start of The Year	8,092	8,633
Interest Expense	431	450
Actuarial (Gain)/Loss due to Scheme Experience	(307)	115
Actuarial Gain due to Changes in Demographic Assumptions	(45)	(244)
Actuarial Loss/(Gain) due to Changes in Financial Assumptions	432	(397)
Benefits Paid	(523)	(465)
Defined Benefit Obligation at End of The Year	<u>8,080</u>	<u>8,092</u>

Defined Benefit Split by Membership Category

	2024	2023
	£000	£000
Deferred pensioners	3,214	3,257
Unsecured pensioners	4,585	4,602
Additional liability from GMP equalisation	281	233
Defined Benefit Obligation at the End of the Year	<u>8,080</u>	<u>8,092</u>

Reconciliation of Opening and Closing Values of the Fair Value of Plan Assets

	2024	2023
	£000	£000
Fair Value of Scheme Assets at Start of The Year	12,219	12,435
Interest Income	656	651
Return on Plan Assets Gain/(Loss) (Excluding Amounts Included in Interest Income)	847	(328)
Expenses	(76)	(74)
Benefits Paid	(523)	(465)
Fair Value of Scheme Assets at End of The Year	<u>13,123</u>	<u>12,219</u>

The actual return on the plan assets over the year ending 30 September 2024 was a gain of £1,503,000 (2023: gain of £323,000).

Defined Benefit Income Recognised in Profit or Loss

	2024	2023
	£000	£000
Interest Income	656	651
Interest Cost	(431)	(450)
Net Interest Income	<u>225</u>	<u>201</u>

Defined Benefit Costs Recognised in the Statement of Other Comprehensive Income

	2024	2023
	£000	£000
Return on Plan Assets (excluding Amounts Included in Interest Income) – Gain/(Loss)	847	(328)
Experience Gain/(Loss) arising on the Defined Benefit Obligation	307	(115)
Effect of changes in the Demographic Assumptions Underlying the Present Value of the Defined Benefit Obligation – Gain	45	244
Effect of changes in the Financial Assumptions Underlying the Present Value of the Defined Benefit Obligations – (Loss)/Gain	(432)	397
Amount Recognised in Other Comprehensive Income – Gain	<u>767</u>	<u>198</u>

Assets

	2024	2023
	£000	£000
Equities	3,387	3,008
Corporate Bonds	3,591	3,367
Government Bonds	5,110	4,880
Cash and Net Current Assets	1,035	964
Total Assets	13,123	12,219

None of the fair value of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group. All of the scheme assets have a quoted market price in an active market with the exception of the trustees' bank account balance.

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are documented in the plan's Statement of Investment Principles. The scheme holds some assets in the form of bonds to match off certain liability risks, being interest rate and inflation sensitivity.

Significant Actuarial Assumptions

	2024	2023
	% Per	% Per
	Annum	Annum
Rate of Discount	4.95	5.50
Inflation (RPI)	3.20	3.35
Inflation (CPI)	2.70	2.75
Allowance for Pension in Payment Increases of RPI or 5% max	2.95	3.15
Allowance for Pension in Payment Increases of CPI or 3% max	2.10	2.15
Allowance for GMP equalisation - % of DBO	3.6	2.9
Allowance for Commutation of Pension for Cash at Retirement	75%	75%

The revaluation of non-GMP pensions in deferment is in line with CPI inflation subject to statutory limits.

The mortality assumptions adopted at 30 September 2024 are 100% of the standard tables S3PxA, Year of Birth, no age rating for males and females, projected using CMI_2023 converging to 1.0% p.a. (at 30 September 2023 are 100% of the standard tables S3PXA, Year of Birth, no age rating for males and females, projected using CMI_2022 converging to 1.0% p.a.). These imply the following life expectancies:

	Life Expectancy	
	at Age 65 (years)	
	2024	2023
Male Retiring In 2024:	21.0	21.2
Female Retiring In 2024:	23.5	23.7
Male Retiring In 2042:	21.9	22.2
Female Retiring In 2042:	24.6	24.8

Analysis of the Sensitivity to the Principal Assumptions of the Present Value of the Defined Benefit Obligation

Assumption	Change in Assumption	Change in Liabilities	
		2024 % change	2023 % change
Discount Rate	Increase of 0.10%	Decrease 1.3%	Decrease 1.0%
Rate of Inflation	Increase of 0.10%	Increase 0.4%	Increase 0.5%
Rate of Mortality	Increase in Life Expectancy Of 1 Year	Increase 5.2%	Increase 3.5%
Commutation	Members Commute an Extra 10% of Post A Day Pension on Retirement	Decrease 0.1%	Decrease 0.1%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the period ending 30 September 2024 is 11 years (2023: 11 years).

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect would be partially offset by an increase in the value of the plan's bond holding. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The contributions expected to be paid by the Group to the plan for the period commencing 1 October 2024 are £Nil (2023: £Nil).

22. Financial Commitments

Capital Commitments

Contracted for but not provided in the accounts amounted to £Nil (2023: £379,000).

Contingent Liabilities

As at 30 September 2024 Group contingent liabilities relating to guarantees in the normal course of business amounted to £109,000 (2023: £109,000).

23. Related Party Transactions

Remuneration of Key Management Personnel

The remuneration of the directors and the subsidiary Managing Directors, who are considered to be the key management personnel of the Group, is set out below. Detailed information about the remuneration of individual directors is disclosed in the Remuneration Report.

	2024 £000	2023 £000
Remuneration	1,011	937
Loss of Office	109	-
Share Based Payments	4	10
	<u>1,124</u>	<u>947</u>

Other Related Party Transactions

The transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. There are no other related party transactions (2023: none).

24. Purchase of Product Line

The Group purchased trade and the intellectual property relating to a competitor's product line on 24 March 2023. The book value of assets acquired was £nil and a valuation exercise was performed using the relief from royalty method to determine the fair value of the intellectual property acquired. The fair value of assets acquired along with the related deferred tax adjustment is as follows:

	Fair value £000
Intangible Assets – Intellectual Property	1,754
Deferred Tax Liability on Intangible Asset Uplift	<u>(313)</u>
	1,441
Cash Consideration	<u>(500)</u>
Negative Goodwill	<u>941</u>

The cost of the acquisition was £500,000, the residual £250,000 was paid during the year (2023: £250,000) outstanding. The negative goodwill arose as the competitor would have had to undertake major investment to support the long-term viability of the product line.

The acquisition contributed £1,478,000 to revenues and delivered profit in line with expectations in the year to 30 September 2023.

25. Purchase of Business

On 4 January 2024, the Group acquired 100% of the issued share capital of Red Box Int Holdings Limited.

Red Box is a leading UK manufacturer of aviation ground power equipment with global reach and an established presence in the USA market. The acquisition will provide a strong addition to LPA Connection Systems, the Group's Saffron Walden-based division, that designs, manufactures and supplies high quality specialist products for the aviation, rail, and infrastructure markets. This acquisition supports our long-term growth strategy whilst also lessening the Group's dependence on rail projects.

	4 January 2024 Book Value £000	Adjustments £000	4 January 2024 Fair Value £000
Assets and Liabilities Acquired			
Intangible Assets	-	829	829
Tangible Assets	221	(64)	157
Inventories	657	(197)	460
Trade and Other Receivables	58	(28)	30
Cash	47	-	47
Trade and Other Payables	(164)	-	(164)
Bank Loan	(52)	-	(52)
Deferred Tax on Intangible Assets	-	(207)	(207)
Net Assets Acquired	767	333	1,100
Consideration			
Cash			550
Deferred Consideration < 1 year			275
Deferred Consideration > 1 year			275
			1,100

The value of intangible assets has been derived from the new technology that the acquisition brings to the group and that this will open up new markets. The intellectual property rights have been recognised since it is both probable that there will be future economic benefits and the cost of the assets can be measured reliably.

The book value of tangible assets was adjusted to take account of depreciation in 2023 not in the book value on acquisition.

The fair value of acquired trade receivables and other receivables was adjusted for proforma invoices. No provision was required for gross contractable trade receivables.

The book value of inventory was adjusted for missing inventory £98,000 and alignment with the Group's inventory stock provisioning policy £99,000.

Acquisition- related costs have been expensed as exceptional items in note 6.

Red Box contributed £800,000 revenue and a small loss to the Group's loss for the period between the date of acquisition and 30 September 2024. If Red Box had been part of the Group for the full financial year, there would have been an additional £400,000 revenue and a small loss.

26. Post Balance Sheet Event

Purchase of Business

The Group has reached agreement with Eaton Electrical Products Limited to acquire Eaton's Powertron business. The Acquisition includes the UK trading division and assets, including its small manufacturing capability. This results in the group acquiring fixed assets, current assets and liabilities, the employment of approximately 20 members of staff, and the business including worldwide rights to brands and product designs. The consideration for the Acquisition is in the form of LPA, taking on the obligation to settle lease dilapidation obligations expected to be due in 2026 estimated at £200,000, taking on liability for any customer product warranty claims capped at in total £150,000, and a cash payment to the seller currently estimated at c.£17,000 calculated with reference to net working capital as at 31 January 2025.

The acquisition is complementary to a number of power supply products the Group currently manufactures for the rail industry and will provide a strong addition to LPA Channel Electric, the Group's Thatcham-based division, that distributes engineered components. This acquisition supports our long-term growth strategy of buying core products.

Revenues for the year ended 31 December 2023 were £2.1m, with a loss before tax of £77,000. Net assets are currently estimated at £565,000 (calculation excludes any accrual for lease dilapidation obligations).

COMPANY FINANCIAL STATEMENTS

Company number: 00686429

Company Balance Sheet

At 30 September 2024

	Note	2024 £000	2023 £000
Fixed Assets			
Investments	C5	5,166	5,166
Tangible Assets	C6	1,872	1,965
		<u>7,038</u>	<u>7,131</u>
Current Assets			
Debtors (including £401,000 (2023: £318,000) falling due after more than one year)	C7	2,715	576
Cash at Bank and In Hand		-	-
		<u>2,715</u>	<u>576</u>
Creditors: Amounts Falling Due Within One Year	C8	(4,396)	(4,316)
Net Current Liabilities		<u>(1,681)</u>	<u>(3,740)</u>
Total Assets Less Current Liabilities		5,357	3,391
Creditors: Amounts Falling Due After More Than One Year	C9	(2,359)	-
Net Assets		<u>2,998</u>	<u>3,391</u>
Capital and Reserves			
Called Up Share Capital	C12	1,351	1,348
Investment In Own Shares	C13	(324)	(324)
Share Premium Account	C13	959	943
Share Based Payment Reserve	C13	62	62
Merger Reserve	C13	784	784
Retained Earnings †	C13	166	578
Total Equity Shareholders' Funds		<u>2,998</u>	<u>3,391</u>

† The Company has not presented a separate Income statement account as permitted by Section 408 of the Companies Act 2006. The loss dealt within the financial statements of the Company amounted to £284,000 (2023: loss of £985,000).

The financial statements were approved by the Board on 22 January 2025 and signed on its behalf by:

Stuart Stanyard

Stuart Stanyard
Chief Financial Officer

Company Statement of Changes in Equity

For the year ended 30 September 2024

	Share Capital	Investment in own shares	Share Premium Account	Share Based Payment Reserve	Merger Reserve	Retained Earnings	Total
2024	£000	£000	£000	£000	£000	£000	£000
At 1 October 2023	1,348	(324)	943	62	784	578	3,391
Loss for the Year	-	-	-	-	-	(284)	(284)
Total Comprehensive Income	-	-	-	-	-	(284)	(284)
Dividends	-	-	-	-	-	(132)	(132)
Proceeds from Issue of shares	3	-	16	-	-	-	19
Transfer on exercise of share options	-	-	-	(4)	-	4	-
Share based payments	-	-	-	4	-	-	4
Transactions with owners	3	-	16	-	-	(128)	(109)
At 30 September 2024	1,351	(324)	959	62	784	166	2,998

	Share Capital	Investment in own shares	Share Premium Account	Share Based Payment Reserve	Merger Reserve	Retained Earnings	Total
2023	£000	£000	£000	£000	£000	£000	£000
At 1 October 2022	1,348	(324)	943	49	784	1,563	4,363
Loss for the Year	-	-	-	-	-	(985)	(985)
Total Comprehensive Income	-	-	-	-	-	(985)	(985)
Share based payments	-	-	-	13	-	-	13
Transactions with owners	-	-	-	13	-	-	13
At 30 September 2023	1,348	(324)	943	62	784	578	3,391

Company Notes to the Financial Statements

For the year ended 30 September 2024

C1. Company Information

LPA Group plc is a public limited company incorporated in England. The address of its registered office is Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ, UK. The principal activity is that of a holding company.

C2. Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The Company has taken advantage of the following disclosure exemptions under FRS102 on the basis that the equivalent disclosures are included in the Group Financial Statements:

- The requirements of Section 4 Statement of Financial Position 4.12 (a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 33; Key management and personnel paragraph 33.7 and Related Party Disclosures paragraph 33.3;
- The requirements of Section 11 Basic Financial Instruments; Section 12 Other Financial Instrument Issues; and
- The requirements of Section 26 Share Based Payments.

This information is included in the consolidated financial statements of LPA Group plc as at 30 September 2024.

C3. Accounting Policies

The following are the principal accounting policies of the Company which have been applied consistently throughout the year and the preceding year.

A. Tangible Fixed Assets

Tangible fixed assets are measured at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, other than freehold land, by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Buildings	2%
Plant and Machinery	10%

A profit or loss on disposal is recognised in the income statement at the surplus or deficit of disposal proceeds over net carrying amount of the asset at the time of disposal.

B. Investments

Investments in subsidiaries are shown at cost less any provision for impairment. The investments are assessed for indications of impairment at each reporting date. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any). The 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 investment. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

C. Financial Instruments

Classification and measurement of financial assets

All financial assets are classified as either those which are measured at fair value through the Income Statement or Other Comprehensive Income, and those measured at amortised cost.

Financial assets are initially recognised at fair value. For those which are not subsequently measured at fair value through profit or loss, this includes directly attributable transaction costs. Prepayments and cash and cash equivalents are subsequently measured at amortised cost.

Derivatives

Derivatives, including 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 with changes in value recognised in profit or loss. The Group does not currently apply hedge accounting.

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company's financial liabilities comprise trade payables, borrowings, and lease liabilities.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost within the consolidated income and expenditure statement.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

D. Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising are credited or charged to the income statement within net operating costs in the period in which they arise.

E. Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.

Deferred tax assets are only 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.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tax expense / (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

F. Equity-Settled Share-Based Payments

The cost of share-based employee compensation arrangements, whereby Groupwide employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the profit and loss account, with a corresponding credit to the share-based payment reserve.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value of the share options awarded (at the date of grant) and the number of options that are expected to vest. The Company has adopted the Black-Scholes model for the purposes of computing the fair value of options. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and the share premium account when the options are exercised. Where the Company grants options over its shares to employees in subsidiaries, it recognises this as a capital contribution equivalent to the share-based payment charge recognised in the income statement. In the financial statements of the Company, this capital contribution is recognised as an increase in the cost of investment in subsidiaries, with the corresponding credit being recognised directly in equity.

G. Defined Contribution Pension Schemes

The pension costs charged against operating profits are the contributions payable in respect of the accounting period.

H. Significant Judgements and Estimates

The preparation of the financial statements requires management to make judgements on the application of its accounting policies and make estimates about the future. Actual results may differ from these assumptions. There are no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year. The critical judgements made in arriving at the amounts included in these financial statements are detailed below.

Key Judgement - Impairment of investments

The determination of whether an impairment trigger arises requires a judgment by management. If triggered an estimate of the value in use of the cash-generating units to which the investment relates is required. The value in use calculation requires management to make an estimate of the expected future cash flows of the cash-generating units and to choose an appropriate discount rate in order to calculate the present value of those cash flows. The carrying amount of investments are disclosed in note C5.

C4. Employee Information

With the exception of the directors, the number of people employed by the Company was three (2023: two). Detailed information concerning directors' emoluments, shareholdings and options is shown in the Remuneration Report.

The average number of people employed by the Company during the year was:

	2024 Number	2023 Number
Administration	8	7

The employee benefit expense for the year amounted to:

	2024 £000	2023 £000
Wages and Salaries	648	565
Social Security Costs	78	56
Pension Costs - Defined Contribution Arrangements	48	34
Share Based Payments	5	13
	<u>779</u>	<u>668</u>

Detailed information concerning directors' emoluments, shareholdings and options is shown in the Remuneration Report within the Group Financial Statements.

Employee benefits expenses include items contained within exceptional costs of £116,000 (2023: £Nil) for reorganisation costs. See note 6 within the Group Financial Statements.

C5. Investments

Investments in Subsidiary Undertakings

	Cost £000	Provision for Impairment £000	Carrying Amount £000
At 1 October 2023 and 30 September 2024	6,214	(1,048)	5,166

Details of the investments, which are all registered in England and Wales in which the Group holds directly and indirectly 20% or more of the nominal value of any class of share capital are as follows:

Name of Company	Holding	Proportion of Voting Rights and Shares Held	Nature of Business
Subsidiary Undertakings			
Channel Electric Equipment Limited t/a LPA Channel Electric	Ordinary Shares	100%	Engineered Component Distribution
LPA Industries Limited t/a LPA Connection Systems	Ordinary Shares	100%	Electro-Mechanical Systems
Excil Electronics Limited t/a LPA Lighting Systems	Ordinary Shares	100%	LED Lighting and electronic Systems
Red Box Int Holdings Limited	Ordinary Shares	100%*	Holding Company
Red Box International Limited	Ordinary Shares	100%*	Provision of Ground Power

* Indirectly held

Channel Electric Equipment Holdings Limited and Haswell Engineers Limited were both liquidated during the year.

Red Box Int Holdings Limited and Red Box International Limited were both dormant at the year end.

LPA Group plc is the sole member and guarantor of LPA Industries Pension Trustees Limited, a company limited by guarantee, which acts as trustee to the closed defined benefit pension scheme operated within the Group and the Group's Life Assurance Scheme.

The registered office for all Group entities is Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ, UK.

The Directors have confirmed the carrying value of the investment are suitably supported by the net assets of the subsidiary companies and/or discounted future cash flows.

Channel Electric Equipment Limited (company no. 00919987), LPA Industries Limited (company no. 00629433), Excil Electronics Limited (company no.01675128), Red Box Int Holdings Limited (company no.07070335), and Red Box International Limited (company no.02965494) have applied the subsidiary company exemption from audit by virtue of S479A of the Companies Act 2006.

C6. Tangible Fixed Assets

	Freehold Land and Buildings £000	Plant and Machinery £000	Total £000
Cost			
At 1 October 2023	2,233	726	2,959
Additions	-	1	1
At 30 September 2024	2,233	727	2,960
Depreciation			
At 1 October 2023	334	660	994
Charge for the year	35	59	94
At 30 September 2024	369	719	1,088
Net book value			
At 30 September 2024	1,864	8	1,872
At 30 September 2023	1,899	66	1,965

C7. Debtors

	2024 £000	2023 £000
Current		
Amounts Due from Subsidiary Undertakings	1,953	186
Prepayments	331	72
Other Taxation and Social Security	30	-
	2,314	258
Non-Current		
Deferred Taxation (note C11)	401	318

Amounts due from subsidiary undertakings are interest free and repayable on demand. The balance due is not expected to be fully collected in the 2025 financial year.

C8. Creditors: Amounts Falling Due within One Year

	2024 £000	2023 £000
Bank Loan (Note C10)	96	1,949
Bank Overdraft	2,396	1,606
Trade Creditors	396	37
Amounts Owed to Subsidiary Undertakings	1,235	413
Accruals	273	311
	4,396	4,316

Amounts owed to subsidiary undertakings are interest free and repayable on demand.

C9. Creditors: Amounts Falling Due after More than One Year

	2024	2023
	£000	£000
Debt - Bank Loan (Note C10)	2,359	-

C10. Borrowings

	2024	2023
	£000	£000
Due Within One Year		
Bank Loan	96	1,949
	96	1,949
Non-Current		
Bank Loan	2,359	-
Total Borrowings	2,455	1,949
Repayable		
Within One Year	96	1,949
Between One and Two Years	98	-
Between Two and Five Years	2,261	
	2,455	1,949

The following security is provided to Barclays Bank plc in respect of the Company's £2.5m term loan outstanding at 30 September 2024 (2023: £1.9m): (i) a legal charge over the developed freehold property owned by the Company; (ii) a debenture from the Company; and (iii) a cross guarantee by the Company as guarantor on account of the obligations of each Group company to Barclays Bank plc.

See Group Financial Statements note 15 for the terms of the borrowings.

C11. Deferred Tax Asset

	£000
At 1 October 2023	318
Credited to Profit in the Year	83
At 30 September 2024	<u>401</u>

Recognised Deferred Tax Assets and Liabilities

Deferred Taxation Assets recognised in the Accounts are as Follows:

	2024	2023
	£000	£000
Accelerated Capital Allowances	80	73
Tax Benefit on Losses	321	245
	<u>401</u>	<u>318</u>

Deferred tax is provided at a composite rate based on enacted rates expected to apply at the year end. The rate provided in the year is 25% (2023: 25%). Deferred tax assets are disclosed in Note C7.

C12. Share Capital

	2024		2023	
	Number	£000	Number	£000
Issued and Fully Paid				
In Issue at the Start of the Year	13,483,229	1,348	13,483,229	1,348
Allotted Under Share Plans	30,000	3	-	-
In Issue at the End of the Year	<u>13,513,229</u>	<u>1,351</u>	<u>13,483,229</u>	<u>1,348</u>

During the year 30,000 options (2023: nil) at a weighted average of 63.2p were exercised.

C13. Reserves

Called-Up Share Capital

Called up share capital represents the nominal value of shares that have been issued.

Investment in Own Shares

This reserve records the share capital acquired in the Company, by the Company as Treasury Shares or by the LPA Group Plc Employee Benefit Trust, at nominal value. As at 30 September 2024, 300,000 ordinary shares of 10p each were held (2023: 300,000).

Share Premium Account

This reserve records the premium for shares issued at a value that exceeds their nominal value.

Share Based Payment Reserve

This reserve represents equity-settled share-based employee remuneration for outstanding options recognised over the vesting period.

Merger Reserve

This reserve records the premium for shares issued, as part consideration on the acquisitions of group companies, at a value that exceeded their nominal value, and which qualified for merger relief.

Retained Earnings

This reserve includes all current and prior period retained profits and losses.

C14. Share Based Payments

Details of the Company's share option schemes, a reconciliation of movements therein and options granted in the year are given in note 20 to the Group Financial Statements. The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Company recognised a share-based remuneration expense in the year of £4,000 (2023: £13,000).

C15. Related Party Transactions

Related Party Transactions with directors of the Company are set out on page 20 to the Group Financial Statements.

C16. Contingent Liabilities

Security is provided to Barclays Bank plc in respect of the Group overdraft facility by way of a cross guarantee between the Company and its subsidiaries. As at 30 September 2024 the Company's exposure in relation to the overdraft facility was £nil (2023: £nil).

OTHER INFORMATION

Alternative Performance Measures glossary

The Annual report and Accounts include alternative performance measures ("APM's") which are not defined or specified under the requirements of UK-adopted International Accounting Standards ("IFRS"). The Company believes that these APM's provide all readers of the document with relevant additional information on the Group, such measures utilised by the Group's management also.

Order Book

The combined value of all orders received (order intake), representing future revenues less revenue recognised in the period and adjustments for foreign exchange movements.

The measure allows management to assess the future success and visibility of potential earnings.

Order Entry

The value of contractual commitments represented by a purchase order or comparable binding commitment from a customer received during any period for the delivery of the performance obligation / revenue at a point in the future. Order intake excludes framework agreements or contract awards representing a basis, agreement or intention to place future orders and reference only the product specification and basis of agreement, without commitment or definition.

The measure allows management to assess the achievement of its selling activities.

Pipeline

Opportunities identified and targeted to win, generating order intake.

This measure allows management to identify the activities that, with a sensitivity, should result in order intake. Such activities represent defined customer intentions or work streams that are reasonably expected to be awarded to a level that once sensitised, is sufficient to generate adequate Order Intake in future periods.

Funnel

Activities identified that feed the Pipeline, ultimately leading to Order Intake.

This forward looking measure is used by management to ensure sufficient activity and interest is identified within the Company's target markets and across its customer base and those targeted that will feed the Pipeline.

Added Value

The margin generated through the conversion of raw materials.

A standard manufacturing measure utilised by the Group provides management comfort that sufficient margin is available within the manufacturing processes through the conversion of material, to fund overhead and variable cost absorption.

OTHER INFORMATION**Five Year Summary - Unaudited Information**

	## 2020 £000	2021 £000	2022 £000	2023 £000	2024 £000
Summary Income Statement					
Revenue	20,711	18,265	19,325	21,712	23,546
Adjusted EBITDA †	1,613	594	568	812	788
Depreciation and Amortisation	(830)	(868)	(794)	(881)	(1,034)
Underlying Operating Profit/(Loss)	783	(274)	(226)	(69)	(246)
Share Based Payments / Exceptional Items	(167)	(74)	1,310	776	(380)
Net Finance (Costs) / Income	(65)	(39)	(10)	52	33
Profit/(Loss) Before Taxation	551	(387)	1,074	759	(593)
Taxation	44	365	111	100	268
Profit/(Loss) for The Year	595	(22)	1,185	859	(325)
Summary Balance Sheet					
	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000
Property, Plant and Equipment	6,984	6,433	5,985	5,755	5,536
Intangible Assets – excluding Goodwill	239	256	324	2,007	3,168
Net Trading Assets	5,252	4,688	5,119	5,488	4,867
Net Operating Assets ^^	12,475	11,377	11,428	13,250	13,571
Net Debt	(2,646)	(1,633)	(521)	(1,204)	(2,118)
Deferred Taxation	(18)	263	229	(165)	(155)
Net Assets before Pension and Goodwill	9,811	10,007	11,136	11,881	11,298
Goodwill	1,149	1,149	1,149	1,149	1,149
Pension Asset	1,591	2,563	2,471	2,683	3,782
Net Assets	12,551	13,719	14,756	15,713	16,229
Other Information					
	2020	2021	2022	2023	2024
Adjusted EBITDA To Sales	7.8%	3.3%	2.9%	3.7%	3.3%
Basic Earnings/(Loss) Per Share	4.82p	(0.17)p	8.99p	6.52p	(2.46)p
Dividends Per Ordinary Share	-	-	-	1.0p	-
Net Assets Per Ordinary Share	99.2p	108.9p	112.0p	116.5p	120.1p
Net Debt/ adjusted EBITDA	1.64	2.75	0.92	1.48	2.69
Gearing (Net Debt as a % of Total Equity)	21.1%	11.9%	3.5%	7.7%	13.1%

Key

† - adjusted earnings before interest, tax, depreciation, amortisation of intangible assets, non-cash charges for equity-settled share-based payments and exceptional items.

^^ Net Operating Assets – The total of inventories and receivables less payables, excluding net debt and right of use liabilities.

Note 2020 has not been restated for restriction of pension scheme asset as this change only happened from the 2021 accounts onwards.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty Third Annual General Meeting ("AGM") of LPA Group Plc (the "Company") will be held at the offices of LPA Group PLC, LPA House, Ripley Drive, Normanton, West Yorkshire, WF6 1QT, on Wednesday 19 March 2025 at 12.00 noon for the following purposes:

Routine Business

- 1) To receive the accounts for the year ended 30 September 2024, together with the reports of the directors and the auditors thereon.
- 2) To re-elect as a director Andrew Jenner who retires by rotation, in accordance with the Company's Articles of Association.
- 3) To re-appoint as a director Philo Daniel-Tran in accordance with the Company's Articles of Association.
- 4) To re-appoint RSM UK Audit LLP as auditors to the Company, to hold office until the end of the next general meeting at which accounts are laid before the Company, and to authorise the directors to fix the auditors' remuneration.

Special Business

Share Capital

To consider, and if thought fit, pass resolution 5 as an ordinary resolution:

- 5) That, the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £148,677 provided that this authority shall expire at the end of the next annual general meeting of the Company after the passing of this resolution or at the close of business on the date falling 15 months after the date of the passing of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or arrangement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass resolution 6 as a special resolution:

- 6) That subject to and in accordance with the Company's Articles of Association and pursuant to section 701 of the Companies Act 2006, the Company is hereby generally and unconditionally authorised to make market purchases (as defined in section 693(4) of the Companies Act 2006) of any of its Ordinary Shares on such terms and in such manner as the directors of the Company may from time to time determine, provided that:
 - a. The maximum number of Ordinary Shares hereby authorised to be purchased is 1,351,323 representing 10% of the issued share capital of the Company;
 - b. The minimum price (excluding expenses) which may be paid for an Ordinary Share is 10p;
 - c. The maximum price (excluding expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) five per cent above the average middle market quotation for Ordinary Shares as derived from the AIM appendix to London Stock Exchange Daily Official List for the five business days before the date on which the contract for the purchase is made, and (ii) an amount equal to the higher of the price of the last

independent trade and highest current independent bid as derived from the trading venue where the purchase was carried out;

- d. The authority hereby conferred shall, unless renewed prior to such time, expire at the end of the annual general meeting of the Company to be held in 2026 or the close of business on the date falling 15 months after the date of the passing of this resolution, whichever is earlier, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.

Stuart Stanyard

By order of the Board
Stuart Stanyard
22 January 2025

Registered office:
Light & Power House
Shire Hill, Saffron Walden
CB11 3AQ, UK

Notes:

Entitlement to Attend and Vote

1. To be entitled to attend and vote at the Meeting (and for the purposes of the determination by the Company of the votes that may be cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), only those members registered in the Company's register of members at close of business on 17 March 2025 (or, if the Meeting is adjourned, close of business on the date which is two business days before the adjourned Meeting) shall be entitled to attend and vote at the Meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

Website Giving Information Regarding the Meeting

2. Information regarding the Meeting is available from www.lpa-group.com.

Attending in Person

3. If you wish to attend the Meeting in person, please bring some form of identification.

Appointment of Proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please indicate on your proxy submission how many shares it relates to.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of Proxy Using Hard Copy Proxy Form

8. A form of proxy has been included, but you can also request a form of proxy, directly from the registrars MUFG Corporate Markets on Tel: **0371 664 0300**. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at shareholderenquiries@cm.mpms.mufg.com or via postal address at MUFG Corporate Markets, PXS, Central Square, 29 Wellington St, Leeds LS1 4DL. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. In the case of an individual, the form of proxy must be signed by the individual or their attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.

9. To be effective, the form of proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be lodged at the Company Registrars not less than 48 hours (excluding any part of a day which is a non-working day) before the time appointed for the holding of the Meeting or adjourned meeting.

Appointment of a Proxy Online

10. You may submit your proxy electronically using the Share Portal service at www.signalshares.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the Meeting applies. Shareholders will need to use the unique personal identification Investor Code ("IVC") printed on your share certificate. If you need help with voting online, please contact our Registrar, MUFG Corporate Markets on 0371 664 0391. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at shareholderenquiries@cm.mpms.mufg.com.

Appointment of Proxies via Proximity

Proximity Voting - if you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 12.00 noon on 17 March 2025 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

Appointment of Proxies Through Crest

11. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by 12.00 noon on 17 March 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as

shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Appointment of Proxy by Joint Members

12. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding, the first-named being the most senior.

Changing Proxy Instructions

13. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact MUFG Corporate Markets as per the communication methods shown in note 8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointments

14. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to MUFG Corporate Markets, at the address shown in note 8. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed, or a duly certified copy of such power or authority, must be included with the revocation notice. The revocation notice must be received by MUFG Corporate Markets no later than 48 hours before the Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued Shares and Total Voting Rights

Corporate Representatives

15. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued Share Capital

16. As at 22 January 2025, the Company's issued share capital comprised 13,513,229 Ordinary Shares of 10p each (nil held in Treasury). Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company on 22 January 2025 is 13,513,229. The website referred to in note 2 will include information on the number of shares and voting rights.

Documents on Display

17. Copies of the letters of appointment of the Directors of the Company and a copy of the Articles of Association of the Company will be available for inspection at the meeting or before at the registered office of the Company from the date of this notice.

LPA Group PLC – Form of Proxy

For use at the Annual General Meeting to be held at 12.00 noon on Wednesday 19 March 2025 at the offices of LPA Group PLC, LPA House, Ripley Drive, Normanton, West Yorkshire, WF6 1QTT.

I/We

of

being a member/members of LPA Group plc hereby appoint (note 1)
or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the above mentioned meeting and at any adjournment thereof. I/We wish this proxy to be used as shown below:

Signed Dated 2025

Please indicate with an "X" in the spaces below how you wish your votes to be cast. This proxy will be used only in the event of a poll being directed or demanded. If the form is returned without any indication as to how the proxy shall vote on any particular matter, the proxy will vote or abstain as he thinks fit. The "Vote withheld" option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you select "Discretionary", your proxy can vote as he or she chooses or can decide not to vote. Your proxy can also do this on any other resolution that is put to the meeting.

☐ Please tick here if this proxy appointment is one of multiple proxies being made (and refer to Note 5 below)

If this is one of multiple proxies being made please insert the number of shares to which this form relates and see Note 5 below

Resolution	For	Against	Vote withheld	Discretionary
1. To receive the accounts for the year ended 30 September 2024.				
2. To re-elect Andrew Jenner as a director of the Company.				
3. To re-appoint Philo Daniel-Tran as a director of the Company.				
4. To re-appoint as RSM UK Audit LLP auditors and to authorise the directors to fix the auditor's remuneration.				
5. To authorise the directors to allot shares (as defined in section 551 of the Companies Act 2006) in the Company.				
6. To authorise the Company to make market purchases (as defined in section 693(4) of the Companies Act 2006) of its own shares.				

Notes:

1. If you wish to appoint as your proxy any person(s) other than the Chairman of the meeting, please insert the full name(s) of the proxy or proxies (in block capitals) in the space above. A proxy need not be a member of the Company and may attend the meeting in person and vote on a show of hands and on a poll.
2. To be effective a form of proxy must be in writing and signed by the member or his duly authorised attorney or, if the member is a corporation under its common seal or signed by a duly authorised officer or attorney. A corporation may appoint a representative to attend and vote at the meeting.
3. To be valid this proxy, together with any power of attorney under which it is signed, must be received at MUFG Corporate Markets, Central Square, 29 Wellington St, Leeds LS1 4DL not less than 48 hours (excluding any part of a day that is a non-working day) before the time fixed for the meeting.
4. In the case of joint holdings the vote of the first-named holder in the register will be accepted to the exclusion of the other joint holders.
5. To appoint more than one proxy you may photocopy this form. Please indicate if the proxy instruction is one of multiple instructions being given by ticking the box. Please also indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). All forms must be signed and should be returned together in the same envelope.
6. All members are entitled to attend and vote at the meeting, whether or not they have returned a form of proxy.
7. If two or more valid forms of proxy are delivered in respect of the same share, the one which was delivered last (regardless of its date or the date of its execution) will be valid.
8. Appointment of a proxy will not preclude a member from attending and voting in person should he subsequently decide to do so.
9. Any alterations made in this form of proxy should be initialled.

Group Directory

LPA Group Plc

Light & Power House, Shire Hill, Saffron Walden, Essex, CB11 3AQ, UK

Tel: +44 (0)1799 512800 Email: enquiries@lpa-group.com Website: www.lpa-group.com

Electro-mechanical systems

LPA Connection Systems

Light & Power House

Shire Hill

Saffron Walden

CB11 3AQ, UK

Tel: +44 (0)1799 512800

Email: enquiries@lpa-connect.com

- Hybrid / battery control boxes and systems
- Control panels & boxes
- Enclosures, fabrications, laser cut, form & weld
- Rail, aircraft, ship & industrial connectors
- Shore supply systems
- Transport turnkey engineering and manufacturing services
- Provision of ground power equipment

Engineered component distribution

LPA Channel Electric

Bath Road

Thatcham

Berkshire

RG18 3ST, UK

Tel: +44 (0)1635 864866

Email: enquiries@lpa-channel.com

- Circuit breakers
- Connectors
- Fans & motors
- Relays & contactors
- Switches
- USB charging units

LED lighting and electronic systems

LPA Lighting Systems

LPA House

Ripley Drive

Normanton

West Yorkshire

WF6 1QT, UK

Tel: +44 (0)1924 224100

Email: enquiries@lpa-light.com

- Electronic control systems
- Electronic monitoring systems
- Fluorescent lamp Inverters
- Complete rolling stock interior lighting systems.
- Rolling stock interior and exterior door status indication systems
- Rolling stock seat electronics solutions