

Strategic Report (continued)
For the year ended 31 March 2021

Financial risk management

Exposure to credit, interest rate and foreign currency risk arises in the normal course of the Group's business.

Credit risk

The Group's credit risk is primarily attributed to its trade receivables and amounts recoverable on construction contracts. The Group has a credit control policy in place and the exposure to credit risk is monitored on an ongoing basis.

Interest rate risk

The Group has overdraft/bank loan borrowings with third parties on which it is exposed to variable interest rate risk. The Group does not currently enter into interest rate hedging arrangements on those borrowings but seeks to minimise the level of such borrowings wherever possible.

Foreign currency risk

The Group's customers and suppliers are predominantly UK based or business is transacted in GBP Sterling and therefore the Group does not have a significant exposure to foreign currency risk. The Group does have a small number of customers in Europe and America where sales are transacted in Euro or US Dollars, but it also sources its purchases for these supplies from suppliers in Europe and America and therefore there is a significant degree of natural hedging against foreign currency risk in these geographic areas.

Energy and Green House Gas Emissions

The Group's operations consume electricity and gas used for heating, lighting and powering equipment. This usage indirectly gives rise to emissions of Greenhouse Gases (Carbon Dioxide).

The Group's carbon dioxide emissions are summarised below:

	Year ended 31 March 2021		Year ended 31 March 2020	
	kWh	tCO2e	kWh	tCO2e
Carbon dioxide emissions arising from:				
Electricity consumption	473,581	133	605,241	170
Gas consumption	281,611	52	658,970	121
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Total carbon dioxide emissions	755,192	185	1,264,211	291
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Gross intensity ratio – tCO2e per person employed	0.6		1.0	

The carbon dioxide emissions have been calculated from the Group's records for electricity and gas consumed using appropriate conversion factors.

The Group is committed to the minimisation of its energy usage. Unnecessary travel is actively being reduced where possible, best practice is promoted to staff and the Group is always undertaking a review of its sources of energy.

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Section 172 statement

This section satisfies the Section 172 requirements of the Companies Act 2006, which requires the Directors to take into consideration the interest of stakeholders in their decision making.

The Board considers its stakeholders to be shareholders, employees, customers, suppliers and the environment.

The Directors have regarded the matters set out in section 172(1)(a) to (f) of the Companies Act as follows:

(a) The likely consequences of any decision in the long term

The Directors' role is to promote the long-term success of the group through setting a clear sustainable strategy, vision and mission. All decision making is aligned to the mission of the divisions of the group. For the Construction & Developments division, this is to provide every elderly person in the UK with a quality place to live. For the Automotive division, the mission is to provide a world class motorsport experience for amateur and professional racing drivers. The Chemicals division's purpose is to provide weather protection solutions to the aviation, rail and facilities management industries and the computer software business aims to provide every care home in the UK with the IT infrastructure to allow operators to effectively manage their businesses.

(b) Interest of the group's workforce

The engagement, wellbeing and success of the group's employees is of key importance to the Directors. This is achieved through informal and formal appraisals, monthly team meetings and group wide communications.

(c) The desirability of the group maintaining a reputation for high standards of business conduct

Maintaining a reputation for high standards of business conduct is a key focus for the Directors. This is achieved through ensuring sufficient vetting and controls exists in the group's supply chain, providing a top-quality product for both the customer and end consumer and striving to have a greater positive impact both socially and environmentally.

(d) The need to foster the group's business relationships with suppliers, customers and others

The Directors build strong relationships with customers and suppliers, most of whom are repeat customers that value the service and product provided by the group.

(e) The impact of the group's operations on the community and the environment

In the construction division of the group, one of the key focuses is to produce operationally carbon neutral and subsequently carbon negative care homes. During the year the care homes constructed have achieved BREEAM in-use ratings of very good for our investors, A and B EPA Ratings and has consistently produced care homes which are sector leading with regard to ESG credentials. The Directors align their decision making to ensure both a top-quality product is built, with as minimal impact of the environment as possible. As a standard practice the group aims to minimise unnecessary travel and CO2 emissions where possible. Furthermore, the group engages in local community initiatives where applicable.

(f) The need to act fairly as between members of the group

The Directors are the shareholders and therefore recognise the responsibility to act fairly as between members of the group. The Directors recognise their legal and regulatory duties and do not take any decisions or actions that would provide any shareholder with any unfair advantage.

Significant Decisions Made

The main significant decision in the year was to demerge LNT Construction and its subsidiaries from the LNT Group on 1st April 2021. Refer to note 25 for further detail.

Corporate Governance

The board is satisfied that its current composition provides the required degree of skills, experience, diversity and capabilities appropriate to the needs of the business. Board composition and succession planning are subject to review, taking account of the potential future needs of the business.

The board adopts a broad view during its decision making to take meaningful account of the impact of the business on all key stakeholders. The board recognises that the Group's long-term success is reliant on the efforts of its employees, customers and suppliers. Feedback from stakeholders is actively encouraged.