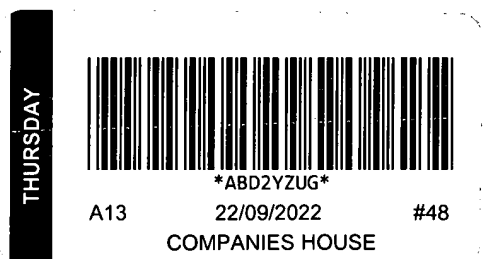


Line Management Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Company Registration No. 04215303 (England and Wales)



Line Management Group Limited

Company Information

Directors	M A Hook K C Rowe I Rowe
Company number	04215303
Registered office	C/O Smb Llp 87-91 Newman Street London England W1T 3EY
Auditor	Moore Kingston Smith LLP Orbital House 20 Eastern Road Romford Essex RM1 3PJ
Business address	26-27 Hatton Garden London United Kingdom EC1N 8BR

Line Management Group Limited

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Line Management Group Limited

Strategic Report

For the year ended 31 December 2021

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

Principal activities

The principal activities of the Company are the provision of services for the design, deployment, integration and support of in-building 'smart' technologies including network connectivity, both wired and wireless, electronic security, audio visual systems and IoT (environmental and occupancy) sensor networks.

Fair review of the business

The Company continues in its position of leadership within the UK smart building technology solutions market.

Although disruption as a result of the Covid-19 pandemic continued to present operational challenges, the Company experienced steady financial recovery throughout 2021, providing services on a business-as-usual basis, supporting infrastructure and networks in critical environments and continuing to offer the high levels of service that our customers expect. Continued disruption was experienced in the form of rising costs, chip shortages and project delays, coupled with increased levels of employee absence, mainly as a result of the need to self-isolate.

Although the Company continued to see some impact on trade throughout 2021, as a result of both disruption and continued reduced demand in the revenue streams most affected by ongoing restrictions (e.g. aviation), turnover in the year increased significantly to £28.8m (2020: £23.5m). This was driven by a strong bounce back in demand for services, and during the second half of the financial year business activity run rate had encouragingly returned to pre-pandemic volumes.

On the Managed Services side of the business, a slow first quarter was followed by a swift and sustained increase in activity. Our teams assisted customers with their return to the office plans, resulting in a net increase in our support services turnover during the year to £10.8m (2020: £9.4m). Turnover generated by our Design & Build workstream increased from £8.66m in 2020, to £13.97m in 2021, with a strong order book carried forward into 2022.

Gross Profit Margins improved to 22% (2020: 18%), in line with pre-pandemic levels (2019: 22%), largely as a result of the realignment of our cost base and a strong performance from key accounts. Constant monitoring and management action continued to reduce administration expenses to £5.17m for the year (2020: £5.4m), representing a saving of over £0.8m on pre-pandemic levels (2019: £6.0m).

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased to a profit of £1.7m (2020: loss of £101k), with a pre-tax profit of £1.32m (2020: loss of £577k).

Business prospects remain strong. A solid pipeline of opportunities and genuinely exciting future prospects in the form of smart building enablement and in particular, the market's migration toward flexible workspace and the desire to attain the smart building certifications (SmartScore, WELL, Leesman) that are required to attract staff back to the office, gives the Directors confidence that the business will continue to build upon its recovery at pace.

The Company is well placed to respond to both the challenges and opportunities that continue to arise post-pandemic and has already undertaken significant steps in adapting its service offerings in response to present and future customer needs.

Line Management Group Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Global services

Since 2010, the Company has been the UK and European representative of LGAP, a global alliance of like-minded service providers with combined annual sales exceeding \$350m in 2021. With over 38 offices worldwide, LGAP's members support major corporate clients throughout North America, South America, Asia Pacific, Europe, South Africa, Hong Kong, India, China, Australia, New Zealand and Japan. LGAP continues to be a valuable partnership for the Company, leading to opportunities in data centre builds, enterprise office fit outs and IT integration projects.

The Brexit transition period and eventual exit of the UK from the European Union, alongside the general curtailment of international travel as a result of the pandemic, have made it difficult to both pursue and fulfil international projects, both inside the EU and further afield, during the course of the year.

As part of our ongoing business plans, the Company intends to explore opportunities to establish one or more entities within the EU to enable us to fully support our global clients in the region and will continue to foster and develop our close partnerships with our LGAP partners.

Quality and management systems

The Company places emphasis on quality and excellence and is accredited to ISO 9001:2015 (Quality Management Systems – QMS), ISO 14001:2015 (Environmental Quality Management System - EQMS) and ISO 27001:2013 (Information Security Management System - ISMS).

The standards are embedded into our fundamental business processes and policies. The combination of these three internationally recognised standards ensure that our customers receive the best possible quality with minimal impact to the environment, whilst having the confidence that their information assets are secured to the highest standard.

Research and development

The Company's principal research and development (R&D) focus continues on completing our Smart Building Multi-Technology Integration & Demonstration Lab and developing our own Smart Building Enablement Broker, a piece of software that enables the unstructured and siloed data contained within disparate building systems to be homogenized into a single, structured data source - available to a wide variety of Smart Building applications. Smart building development, and 'PropTech' in particular, has been supercharged by the pandemic. There is a need for the Company to be able to fully demonstrate the value that smart building technologies, and most importantly their integration, can bring to organisations wishing to transform their post pandemic workspaces and entice staff back to the office.

Our goal is to demonstrate our ability to deliver improved operational efficiency (energy usage, maintenance & occupancy), enhanced safety, health and wellbeing of occupants and offer a user experience that is far superior to that which staff would encounter working from home.

Emerging industry standards such as those championed by WiredScore/SmartScore, The WELL Building Institute and Leesman have established benchmarks against which our solutions can be measured. Consequently, there is a requirement and an opportunity to be able to demonstrate and prove the performance of our smart building solutions to the market, prior to deployment in the field.

The aim of the smart building integration lab is to demonstrate smart building technologies to building landlords and owners and to act as a test bed for our integration platform (a Smart Building Enablement Broker) that can enable smart building services via apps that will subsequently provide improved outcomes for both landlords and tenants and compelling experiences for their occupants.

Line Management Group Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Key performance indicators

A range of key performance indicators (KPIs) are used to measure and monitor business performance.

The Directors consider turnover, gross profit margin (%/£) and earnings before interest, tax, depreciation and amortisation (EBITDA) to be the principal measures of financial performance in relation to the Company. These key performance indicators are reviewed on a monthly basis by the Directors.

	Year ended 31 December 2021	Year ended 31 December 2020
Turnover (£)	28,761,536	23,489,597
Gross profit (£)	6,450,791	4,310,360
Gross profit margin (%)	22.43%	18.35%

A broad range of non-financial operational KPIs are maintained by the Quality Team. These KPIs provide valuable metrics against which business performance and customer satisfaction are monitored and evaluated, translating into increased value-add and improved service levels for our clients, and an enhanced sense of purpose and wellbeing for employees. Examples include service level agreement (SLA) monitoring, contract renewals, repeat business retention rates and employee performance and objective tracking using digital performance management software.

Principal risks and uncertainties

The Directors have responsibility for the identification, evaluation and management of risks within the Company, recognising the importance of identifying and actively monitoring our strategic, reputational, financial and operational risks. The Company Risk Register is regularly reviewed by the Directors and updated with key stakeholders in order to promote an effective risk management framework.

The Directors have considered the risks that are most significant to the business in terms of both operational and financial impact, and these are set out as follows:

Market conditions

The Company's services may be affected by a future economic downturn and reductions or delays in client spending, particularly where ongoing uncertainty in the future use, requirements and purpose of real estate continues.

The Company's strategy to combat such adverse conditions is to maintain a balanced portfolio in terms of client base and service offerings, limiting the exposure to any one sector.

Client requirements to repurpose real estate in order to provide high quality collaboration and social space ('hotelification') should present significant opportunities. The pandemic-induced change to workspace technology including improvements in connectivity, environmental monitoring (particularly indoor air quality), access control and video conferencing all present the Company with significant opportunities for growth. In addition, once global travel has recovered, opportunities within airport environments – spanning our entire service portfolio – should increase, with the Company well placed to aid our clients in this market.

Customer base

Over recent years, the Company has taken measures to significantly broaden our service offerings and actively reduce the reliance on any particular market sector, with a broader range of services being delivered to a wider range of sectors including: financial services, technology, media, transport, education, professional services, flexible workspace operators, residential and hospitality; as well as continuing to expand our footprint outside of the UK into Europe and beyond through our LGAP partnership.

Line Management Group Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Competition

The Company operates in highly competitive sectors, particularly during the construction phase, which can at least initially, dilute margins. Whilst relationships, reputation, quality and capability are key elements of a client's decision to award, price remains the dominant driver.

The Company remains focused on cost and efficiency in order to remain competitive during the construction phase, but undertakes a rigorous bid evaluation process in order to ensure it only competitively bids for work where the margin is commensurate with risk, and the project is well matched with our post-construction service model.

Commercial risk management

The Company is subject to contractual risk by virtue of the services it provides and contracts it undertakes.

In order to limit future exposure to high-risk onerous commitments, all potential contracts are thoroughly evaluated and risk assessed, ensuring that commercial risk is both fully quantified and commensurate with the anticipated return before agreements are entered into. Robust measures and controls in this particular area of risk management continue to have a significant positive impact on both profitability and future business stability.

Supply chain

Given the economic uncertainty surrounding the pandemic and the resultant effect on global economies, the risk of insolvency of supply chain partners remains significant. In addition, prolonged delays in the procurement chain and longer standard lead times continue to remain a threat to the successful delivery of projects and other services.

The Company builds and maintains strong supply chain relationships, carrying out thorough due diligence, whilst working to reduce over reliance on any one supplier, manufacturer or subcontractor.

Financial risk management

The Company's operations expose it to financial risks that include credit risk, foreign exchange risk and the risk associated with the impact of materials and labour inflation on long-term, fixed price contracts. Given the size of the group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The Company's finance, commercial and procurement departments implement the policies set by the board.

Liquidity risk management

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. This is achieved by tightly managing cashflows, particularly at project level. The group expects to meet its financial obligations through operating cash flows and existing financing arrangements.

Credit risk management

The group maintains policies that require appropriate credit verification procedures on potential new customers.

The Company has robust credit control procedures in place. Credit limits and debtor balances for existing customers are monitored on an on-going basis and provision is made for doubtful debts where necessary. Digital tools are also used to constantly assess the performance and risk profiles of our key clients. Given the uncertain economy, there are particular risks associated with construction contracts and the group carefully evaluates all prospective clients before entering into any new contract.

Line Management Group Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Foreign exchange currency exposure

The group is occasionally exposed to foreign exchange risk as a result of overseas operations and also by way of unmitigated price fluctuations on the cost of raw materials and other goods.

For all overseas work, the group assesses the potential adverse impact on profit of fluctuations in foreign exchange rates and currency pairings, notably Sterling/Euro and Sterling/Dollar rates. Where transaction exposure is considered to be significant, a forward currency contract is evaluated and entered into if deemed beneficial.

Pandemic

The threat of another pandemic, caused by Covid-19 or otherwise, will remain a key risk on our Risk Register and operational response plans to handle significant and prolonged future disruption will be reviewed by Directors, managers and teams on an ongoing basis.

Our Covid-19 response plan led to the implementation of a range of measures, some of which have resulted in permanent changes for the better, in the way we operate.

Employee welfare

We have prioritised both the welfare and mental health of our employees by ensuring that additional support is in place where required, and that open and effective communication remains in place across all business streams. Flexible working has been optimised by an acceleration in the digitisation of our business systems and processes.

Where flexible working is not possible, which is the case for most of our operational teams, maintaining a healthy working environment is our top priority and something that has been achieved by working closely with clients and partners.

Operations

We have continually reviewed and, where necessary, adapted our delivery model and working practices to adjust to changing conditions and we are prepared for disruption.

Staff absence has presented challenges, but by working with our clients to devise flexible solutions, we have been able to continue to provide services and meet agreed SLAs without interruption

Managing supply chain disruption has been achieved by working closely with our distribution channels and accurately forecasting product requirements by way of effective programme management.

Testing and reinforcing our IT infrastructure, to ensure that our workforce can work remotely where possible, without interruption to business operations or service level agreements is standard practice. Our systems coped well throughout the pandemic.

Financial

Contingency funding was secured early in the pandemic from the Coronavirus Business Interruption Loan Scheme. Although unused as at the date of signing these accounts, with 50% of the loan value repaid in March 2022, the remaining funding provides valuable headroom should subsequent virus variants lead to further lockdowns.

Focus, as always, has remained on cost management; however, there is a balancing exercise between cash conservation without undue hampering of business progress.

We have continued to benefit from key customers' improved payment terms and have seen a considerable reduction in the payment cycle; in turn we have ensured that our suppliers are paid within their payment terms.

Line Management Group Limited

Strategic Report (Continued)

For the year ended 31 December 2021

Future business prospects

Although 2021 was a contrasting year of post-lockdown recovery for the business, the Directors consider future business prospects to be strong and remain optimistic that the Company is well positioned to continue to adapt to the ever-changing needs of its clients. General activity is expected to continue to increase and full year revenues for 2022 are now expected to be in line with our budget of £32m.

The pandemic has created significant challenges but also brought opportunities, in many ways accelerating plans for repurposing and streamlining our service offerings. Pre-pandemic, our focus continued to be on adapting and transforming the business to capitalise on the development of the Internet of Things (IoT) within 'smart' buildings, fundamentally changing the way both organisations and individuals interact with the built environment.

We have witnessed significant change over the last few years, and it is our strongly held belief that the changes forced by the pandemic, such as hybrid working, improvements in occupant health and wellbeing and enhancing the overall user experience of the workplace, will continue to accelerate the adoption of these technologies that have previously been at the periphery of our business, putting them centre stage.

The increase in demand for smarter buildings will strengthen as the market matures and the definition of what actually constitutes a smart building is standardised by independent building performance assessment and certification organisations such as WiredScore and the International WELL Building Institute. These outcome-based certification programmes, independently targeted at both landlords and tenants, require smart technologies to be integrated, providing building managers with a single pane of glass and users with innovative new applications that personalise their interaction with the building. This will create an opportunity for the Company to develop its software offering (both as a reseller and developer) in addition to providing a high value Master Systems Integration (MSI) service.

Technological change is also reducing demand for traditional, site-based, discrete IT and FM support services. It is now a mobile, wireless world and fixed support models were designed for the last century. As a whole, the support and maintenance industry relies on the inefficient use of siloed technical resources that often result in multiple, repeat visits by costly specialist technicians to solve simple problems in an increasingly complex and integrated built environment. Consequently, there is a cultural shift toward integrated, centralised, remotely managed, 'pay as you go' service and support models.

In direct response to this shift in demand, the Company's intent is to re-engineer our workplace support business that has seen the worst effects of the pandemic, to create a new, integrated, multi-technology, on-demand support service. This cloud-based service will provide the remote diagnostic capability to solve incidents more quickly, effectively and efficiently - often without the need to dispatch an engineer to site. If site attendance is required, a multi-skilled engineer is dispatched with the correct information, spares and tools to fix the issue instantly.

When coupled with the migration towards cloud-based smart building technology, seen within our Design and Build workstream, we can begin to see a future where there is no distinction between the CAPEX and OPEX phases of a building's lifecycle. The potential to provide customers with a 'Smart Building as a Service' (SBaaS) solution will have a profound effect on how landlords and property developers procure and manage their property portfolios, and consequently, the construction industry itself. By paying for their technology on a monthly or quarterly basis for a fixed fee per sqm, not only will landlords be able to align their investment with rental income from tenants (pay as you lease) but also protect themselves from technological obsolescence (a critical risk as PropTech expands) as equipment is maintained and continually refreshed as part of the SBaaS agreement.

Line Management Group Limited

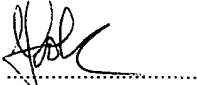
Strategic Report (Continued)

For the year ended 31 December 2021

Although commonplace in the mobile phone industry, the XaaS business model has the potential to fundamentally change the commercial construction industry and shift the finance of technology acquisition from being CAPEX to OPEX dominated. This change provides us with a huge opportunity to replace low margin Design and Build contracts secured via construction companies, with long-term SBaaS contracts with landlords and tenants which will be essential in providing stability, improved quality of earnings and increased shareholder value.

The Directors recognise that culture is just as important as strategy. The Company's success in the transition from a project and manpower-based business to an integrated smart building service provider will fundamentally depend on our people, who will increasingly need to be highly trained and mentally prepared for the cultural change that we can expect to experience over the years ahead. The past few years has demonstrated, if ever there was any doubt, both the power of teamwork and the individual impact consistently made by our people; it is testament, therefore, to their skill and dedication that despite such challenging conditions, the Company continues to thrive.

On behalf of the board



M A Hook
Director

Date: 24th June 2022

Line Management Group Limited

Directors' Report

For the year ended 31 December 2021

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

Results and dividends

The results for the year are set out on page 14.

No final ordinary dividends were paid (2020: £506,788). The directors do not recommend payment of a final dividend.

Directors

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

M A Hook
K C Rowe
I Rowe
N D Rowe

(Resigned 1 April 2022)

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management and future developments.

Line Management Group Limited

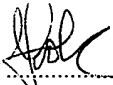
Directors' Report (Continued)

For the year ended 31 December 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M A Hook
Director

Date: ...24th June 2022

Line Management Group Limited

Independent Auditor's Report

To the Member of Line Management Group Limited

Opinion

We have audited the financial statements of Line Management Group Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Line Management Group Limited

Independent Auditor's Report (Continued)

To the Member of Line Management Group Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Line Management Group Limited

Independent Auditor's Report (Continued)

To the Member of Line Management Group Limited

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Line Management Group Limited

Independent Auditor's Report (Continued)

To the Member of Line Management Group Limited

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

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

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

Our approach was as follows:

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

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member for our audit work, for this report, or for the opinions we have formed.

Karen Wardell

Karen Wardell (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 27 June 2022

Chartered Accountants
Statutory Auditor

Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

Line Management Group Limited

Statement of Comprehensive Income For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	28,761,536	23,489,597
Cost of sales		(22,310,745)	(19,179,237)
Gross profit		<u>6,450,791</u>	<u>4,310,360</u>
Administrative expenses		(5,167,930)	(5,400,482)
Other operating income		105,424	537,916
Operating profit/(loss)	4	<u>1,388,285</u>	<u>(552,206)</u>
Interest receivable and similar income	7	342	1,932
Interest payable and similar expenses	8	(63,977)	(26,485)
Profit/(loss) before taxation		<u>1,324,650</u>	<u>(576,759)</u>
Tax on profit/(loss)	9	(243,738)	119,617
Profit/(loss) for the financial year		<u><u>1,080,912</u></u>	<u><u>(457,142)</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Line Management Group Limited

Balance Sheet

As at 31 December 2021

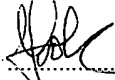
	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	11		-		67,563
Other intangible assets	11		125,827		251,100
			<u>125,827</u>		<u>318,663</u>
Total intangible assets			125,827		318,663
Tangible assets	12		173,820		176,954
Investments	13		73,932		73,932
			<u>373,579</u>		<u>569,549</u>
Current assets					
Stock	15	538		2,998	
Debtors	16	8,654,398		6,687,204	
Cash at bank and in hand		4,744,635		3,484,799	
		<u>13,399,571</u>		<u>10,175,001</u>	
Creditors: amounts falling due within one year	17	<u>(7,994,338)</u>		<u>(5,644,217)</u>	
Net current assets			<u>5,405,233</u>		<u>4,530,784</u>
Total assets less current liabilities			<u>5,778,812</u>		<u>5,100,333</u>
Creditors: amounts falling due after more than one year	18		(1,484,660)		(1,882,968)
Provisions for liabilities					
Deferred tax liability	21	(15,885)		(20,010)	
		<u>(15,885)</u>		<u>(20,010)</u>	
Net assets			<u>4,278,267</u>		<u>3,197,355</u>
Capital and reserves					
Called up share capital	23		25,907		25,907
Share premium account			1,100,714		1,100,714
Profit and loss reserves			3,151,646		2,070,734
			<u>4,278,267</u>		<u>3,197,355</u>
Total equity			<u>4,278,267</u>		<u>3,197,355</u>

Line Management Group Limited

Balance Sheet (Continued)

As at 31 December 2021

The financial statements were approved by the board of directors and authorised for issue on 24th June 2022...
and are signed on its behalf by:



M A Hook
Director



I Rowe
Director

Company Registration No. 04215303

Line Management Group Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020		25,907	1,100,714	3,034,664	4,161,285
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(457,142)	(457,142)
Dividends	10	-	-	(506,788)	(506,788)
Balance at 31 December 2020		<u>25,907</u>	<u>1,100,714</u>	<u>2,070,734</u>	<u>3,197,355</u>
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,080,912	1,080,912
Balance at 31 December 2021		<u>25,907</u>	<u>1,100,714</u>	<u>3,151,646</u>	<u>4,278,267</u>

Line Management Group Limited

Statement of Cash Flows

For the year ended 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		1,493,565		(761,205)
Interest paid			(19,116)		(8,381)
Income taxes paid			-		(83,810)
			<hr/>		<hr/>
Net cash inflow/(outflow) from operating activities			1,474,449		(853,396)
Investing activities					
Purchase of intangible assets		(46)		(80,981)	
Purchase of tangible fixed assets		(42,949)		(39,030)	
Proceeds on disposal of tangible fixed assets		-		1,933	
Interest received		342		1,932	
			<hr/>		<hr/>
Net cash used in investing activities			(42,653)		(116,146)
Financing activities					
Repayment of bank loans		(133,333)		2,000,000	
Payment of finance leases obligations		(38,627)		(47,765)	
Dividends paid		-		(506,788)	
			<hr/>		<hr/>
Net cash (used in)/generated from financing activities			(171,960)		1,445,447
			<hr/>		<hr/>
Net increase in cash and cash equivalents			1,259,836		475,905
Cash and cash equivalents at beginning of year			3,484,799		3,008,894
			<hr/>		<hr/>
Cash and cash equivalents at end of year			4,744,635		3,484,799
			<hr/> <hr/>		<hr/> <hr/>

Line Management Group Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Line Management Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/O Smb Llp, 87-91 Newman Street, London, England, W1T 3EY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share-based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Line Management Group Limited is a wholly owned subsidiary of LMGH Limited and the results of Line Management Group Limited are included in the consolidated financial statements of LMGH Limited which are available from C/O Smb Llp, 87-91 Newman Street, London, England, W1T 3EY.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.2 Going concern

The Directors have carefully considered the Company's operations, trading performance and available sources of financing when determining the most appropriate basis for preparation of the financial statements.

Liquidity is provided through existing cash reserves, and further supported by an invoice discounting facility and CBILS funding, both of which remained undrawn throughout 2021 and to the date of signing the accounts in 2022, with 50% of the principal CBILS loan amount repaid to National Westminster Bank Plc on the 30 March 2022.

In assessing its ability to continue as a going concern, the Directors considered various scenarios, including severe but plausible downside forecasts, and their impact on liquidity. The assessment considered the principal risks and uncertainties as set out in the Strategic Report and is dependent on a number of factors, including reasonable assumptions regards financial performance, continued access to borrowing facilities and future market demand for the services offered by the Company.

The resultant cash flow forecasts considered the effects of the principal risks and uncertainties identified on the Company's trading performance, confirming the ability of the Company to operate, with sufficient headroom, within the covenants set out in its banking agreements.

Based on these assessments, the Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval and have therefore concluded it appropriate to continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed.

1.4 Research and development expenditure

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

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

In order to match amortisation with the anticipated increase in revenue, amortisation is calculated at the following annual rates:

2.5% for 5 years
5.0% for 10 years
7.5% for 15 years

1.6 Intangible fixed assets other than goodwill

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 recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% straight line
Development costs	25% straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	25% straight line
Plant and equipment	25% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

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

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

1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.10 Stock

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stock held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

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

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

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

1.17 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.18 Government grants

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

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

1.19 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of intangible fixed assets including goodwill

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 11 for the carrying amount of the intangible assets and notes 1.5 and 1.6 for the useful economic lives for each class of asset.

Useful economic lives of tangible fixed assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property, plant and equipment and note 1.7 for the useful economic lives for each class of asset.

Accrued income - contractual performance

Income is accrued, invoiced and generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. Accrued income is estimated based on the stage of completion taking into account costs incurred and the expected margin. This involves a level of judgement and therefore differences may arise between actual and estimated result.

There were no other estimates and assumptions considered to have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Design and Build Solutions	13,969,872	8,655,103
Support Services: Managed Services	10,836,568	9,398,099
Support Services: Frameworks and Maintenance Contracts	3,955,096	5,436,395
	<u>28,761,536</u>	<u>23,489,597</u>

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3 Turnover and other revenue		(Continued)	
	2021	2020	
	£	£	
Turnover analysed by geographical market			
United Kingdom	28,330,670	22,168,947	
Europe/Other	430,866	1,320,650	
	<u>28,761,536</u>	<u>23,489,597</u>	
	2021	2020	
	£	£	
Other significant revenue			
Interest income	342	1,932	
Grants received	89,773	537,916	
	<u>89,773</u>	<u>537,916</u>	
4 Operating profit/(loss)		2021	2020
		£	£
Operating profit/(loss) for the year is stated after charging/(crediting):			
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss		4,296	(81,256)
Government grants		(89,773)	(537,916)
Fees payable to the company's auditor for the audit of the company's financial statements		43,250	40,000
Depreciation of owned tangible fixed assets		67,772	86,219
Depreciation of tangible fixed assets held under finance leases		37,259	60,697
Profit on disposal of tangible fixed assets		(23,707)	(1,616)
Amortisation of intangible assets		192,882	304,216
Operating lease charges		427,132	483,567
		<u>427,132</u>	<u>483,567</u>

Government grants includes £44,912 (2020: £519,812) received in respect of the Coronavirus Job Retention Scheme and £44,861 (2020: £18,104) interest received in respect of the Coronavirus Business Interruption Loan Scheme.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

5 Employees

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

	2021 Number	2020 Number
Office and management	41	41
Engineers	123	123
Total	<u>164</u>	<u>164</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	8,484,830	7,596,444
Social security costs	994,616	880,889
Pension costs	228,114	206,761
	<u>9,707,560</u>	<u>8,684,094</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	636,948	585,343
Company pension contributions to defined contribution schemes	6,500	6,500
	<u>643,448</u>	<u>591,843</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

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

	2021 £	2020 £
Remuneration for qualifying services	261,076	197,652
Company pension contributions to defined contribution schemes	-	6,500
	<u>261,076</u>	<u>204,152</u>

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

7 Interest receivable and similar income	2021	2020
	£	£
Interest income		
Interest on bank deposits	342	1,932
	<u> </u>	<u> </u>
8 Interest payable and similar expenses	2021	2020
	£	£
Interest on bank overdrafts and loans	59,614	21,720
Interest on finance leases and hire purchase contracts	4,363	4,765
	<u> </u>	<u> </u>
	<u>63,977</u>	<u>26,485</u>
9 Taxation	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	247,863	206,288
Adjustments in respect of prior periods	-	(14,464)
	<u> </u>	<u> </u>
Total current tax	<u>247,863</u>	<u>(88,321)</u>
Deferred tax		
Origination and reversal of timing differences	(4,125)	(37,332)
Changes in tax rates	-	6,036
	<u> </u>	<u> </u>
Total deferred tax	<u>(4,125)</u>	<u>(31,296)</u>
	<u> </u>	<u> </u>
Total tax charge/(credit)	<u>243,738</u>	<u>(119,617)</u>

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
Profit/(loss) before taxation	1,324,650	(576,759)
<i>Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	251,684	(109,584)
Tax effect of expenses that are not deductible in determining taxable profit	19,092	11,602
Group relief	(11,679)	-
Permanent capital allowances in excess of depreciation	12,408	398
Research and development tax credit	-	(17,740)
Adjustments to previous years	-	(88,321)
Deferred tax adjustments in respect of prior years	-	23,006
Other permanent differences	-	86
Losses carried back	-	103,995
Transfer pricing adjustments	(27,767)	(43,059)
Taxation charge/(credit) for the year	243,738	(119,617)

10 Dividends

	2021 £	2020 £
Final paid	-	506,788

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

11 Intangible fixed assets

	Goodwill	Software	Development costs	Total
	£	£	£	£
Cost				
At 1 January 2021	1,801,515	89,941	1,521,804	3,413,260
Additions	-	-	46	46
At 31 December 2021	1,801,515	89,941	1,521,850	3,413,306
Amortisation and impairment				
At 1 January 2021	1,733,952	89,941	1,270,704	3,094,597
Amortisation charged for the year	67,563	-	125,319	192,882
At 31 December 2021	1,801,515	89,941	1,396,023	3,287,479
Carrying amount				
At 31 December 2021	-	-	125,827	125,827
At 31 December 2020	67,563	-	251,100	318,663

Included in the carrying value of development costs are the capitalised costs in respect of internally developed assets that are subsequently made available as part of the service provided to customers.

12 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	90,417	453,357	1,147,162	386,495	2,077,431
Additions	1,604	11,288	43,351	60,117	116,360
Disposals	(72,108)	(418,570)	(787,749)	(108,724)	(1,387,151)
At 31 December 2021	19,913	46,075	402,764	337,888	806,640
Depreciation and impairment					
At 1 January 2021	74,518	443,701	1,064,724	317,534	1,900,477
Depreciation charged in the year	9,762	5,655	52,355	37,259	105,031
Eliminated in respect of disposals	(72,108)	(418,570)	(787,311)	(94,699)	(1,372,688)
At 31 December 2021	12,172	30,786	329,768	260,094	632,820
Carrying amount					
At 31 December 2021	7,741	15,289	72,996	77,794	173,820
At 31 December 2020	15,899	9,656	82,438	68,961	176,954

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021	2020
	£	£
Motor vehicles	77,794	68,961
	<u>77,794</u>	<u>68,961</u>

13 Fixed asset investments

	Notes	2021	2020
		£	£
Investments in subsidiaries	14	53,932	53,932
Unlisted investments		20,000	20,000
		<u>73,932</u>	<u>73,932</u>

14 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of		% Held
			shares held	Direct	
2i Systems and Services Limited	C/O Smp Llp, 97-91 Newman Street, London, England, W1T 3EY	Dormant	Ordinary		100.00
Line Management Cabling Limited	As above	Dormant	Ordinary		100.00
LMG Systems Limited	As above	Dormant	Ordinary		100.00

15 Stock

	2021	2020
	£	£
Finished goods and goods for resale	538	2,998
	<u>538</u>	<u>2,998</u>

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

16 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,371,924	2,331,161
Corporation tax recoverable	97,384	97,384
Amounts owed by group undertakings	1,644,851	1,428,648
Other debtors	1,006,158	745,656
Prepayments and accrued income	3,534,081	2,084,355
	<u>8,654,398</u>	<u>6,687,204</u>

17 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	19	400,000	133,333
Obligations under finance leases	20	26,160	31,238
Trade creditors		2,653,808	2,427,342
Amounts owed to group undertakings		53,834	53,834
Corporation tax		247,863	-
Other taxation and social security		978,148	577,959
Other creditors		70,785	83,075
Accruals and deferred income		3,563,740	2,337,436
		<u>7,994,338</u>	<u>5,644,217</u>

Net obligations under hire purchase and finance lease agreements are secured against their corresponding assets.

Amounts due to group are repayable on demand and non-interest bearing.

18 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	19	1,466,667	1,866,667
Obligations under finance leases	20	17,993	16,301
		<u>1,484,660</u>	<u>1,882,968</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	<u>266,667</u>
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Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

19 Loans and overdrafts

	2021	2020
	£	£
Bank loans	1,866,667	2,000,000
Payable within one year	400,000	133,333
Payable after one year	1,466,667	1,866,667

The bank loan is repayable in monthly instalments and it is due to be fully repaid by August 2026. Interest is applied monthly at 2.53% above the bank's base rate, with the government paying the interest during the first 12 months. The loan is secured by debenture over the assets of the company and the company's parent entity, LMGH Limited, has provided a guarantee to the lender. The government has also provided the lender with an 80% guarantee on the loan.

20 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	26,160	31,238
In two to five years	17,993	16,301
	44,153	47,539

Finance lease payments represent rentals payable by the company for motor vehicles.

Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	17,506	26,815
Other timing differences	(1,621)	(6,805)
	15,885	20,010

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

21	Deferred taxation	(Continued)
		2021
	Movements in the year:	£
	Liability at 1 January 2021	20,010
	Credit to profit or loss	(4,125)
	Liability at 31 December 2021	<u>15,885</u>

The deferred tax liability set out above relates to accelerated capital allowances and other timing differences that are expected to mature in the future.

22	Retirement benefit schemes	2021	2020
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	<u>228,114</u>	<u>206,761</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end £44,345 (2020: £35,813) was outstanding to the company's employee stakeholder scheme, and is included within other creditors.

23	Share capital	2021	2020	2021	2020
	Ordinary share capital	Number	Number	£	£
	Issued and fully paid				
	A Ordinary shares of 1p each of 1p each	1,151,400	1,151,400	11,514	11,514
	B Ordinary shares of 1p each of 1p each	1,439,300	1,439,300	14,393	14,393
		<u>2,590,700</u>	<u>2,590,700</u>	<u>25,907</u>	<u>25,907</u>

Ordinary A share rights

The company's ordinary A share capital, which carry no right to fixed income, carries the right to one vote at general meetings of the company. Rights to dividends and capital distributions arise from the cabling business of the company only.

Ordinary B share rights

The company's ordinary B share capital, which carry no right to fixed income, carries the right to one vote at general meetings of the company. Rights to dividends and capital distributions arise from the systems and services business of the company only.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

24 Operating lease commitments

Lessee

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

	2021	2020
	£	£
Within one year	70,725	119,626
Between two and five years	5,052	41,019
	<u>75,777</u>	<u>160,645</u>

25 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transactions is wholly owned by a member of that group.

26 Ultimate controlling party

The immediate and ultimate parent company is LMGH Limited, a company registered in England and Wales, which is both the smallest and largest group that prepares consolidated accounts. Copies of the group accounts can be obtained from C/O Smb Llp, 87-91 Newman Street, London, England, W1T 3EY.

Post year end on 1 April 2022, the ultimate parent changed to LMGIQ Limited.

The directors consider there to be no ultimate controlling party.

Line Management Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

27 Cash generated from/(absorbed by) operations

	2021 £	2020 £
Profit/(loss) for the year after tax	1,080,912	(457,142)
Adjustments for:		
Taxation charged/(credited)	243,738	(119,617)
Finance costs	63,977	26,485
Investment income	(342)	(1,932)
Gain on disposal of tangible fixed assets	(23,707)	(1,616)
Amortisation and impairment of intangible assets	192,882	304,216
Depreciation and impairment of tangible fixed assets	105,031	146,916
Interest on government grants	(44,861)	(18,104)
Movements in working capital:		
Decrease in stock	2,460	3,021
(Increase)/decrease in debtors	(1,967,194)	1,579,096
Increase/(decrease) in creditors	1,840,669	(2,222,528)
Cash generated from/(absorbed by) operations	<u>1,493,565</u>	<u>(761,205)</u>

28 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	3,484,799	1,259,836	-	4,744,635
Borrowings excluding overdrafts	(2,000,000)	133,333	-	(1,866,667)
Obligations under finance leases	(47,539)	38,627	(35,241)	(44,153)
	<u>1,437,260</u>	<u>1,431,796</u>	<u>(35,241)</u>	<u>2,833,815</u>