

Company Registration No. 04215303 (England and Wales)

**LINE MANAGEMENT GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# LINE MANAGEMENT GROUP LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	N D Rowe M A Hook I Rowe K C Rowe
<b>Secretary</b>	Temple Secretarial Limited
<b>Company number</b>	04215303
<b>Registered office</b>	Third Floor 20 Old Bailey London EC4M 7AN
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

---

# LINE MANAGEMENT GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

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

#### Principal Activities

The principal activities of the Company are the provision of services for the design, development and support of in-building 'smart' technologies including network connectivity, both wired and wireless, physical security, audio visual systems and 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; however, 2020 was a year of considerable challenge for the business as a result of the disruption caused by the global coronavirus (Covid-19) pandemic.

The Company was able to continue to provide services on a business-as-usual basis throughout the year, supporting infrastructure and networks in critical environments and continuing to offer the high levels of service that our customers expect. Disruption was experienced in the form of closed construction sites, delays on projects and an immediate reduction in demand for our workplace offerings as a result of office closures, coupled with increased levels of employee absence, mainly as a result of the need to self-isolate.

Turnover in the first half of the year was most impacted by lower-than-expected volumes of activity as a direct result of early lockdowns. Government imposed restrictions resulted in a sharp decrease in revenues across our Design & Build construction sites, with international travel restrictions leading to a near-stop in all but essential activities at our airport sites.

On the Managed Services side of the business, an initial period of suspended maintenance and reduced number of projects, as customers moved to critical-only changes to their networks in order to mitigate disruption, was followed by a swift and sustained increase in activity. Our teams assisted customers with their disaster recovery and business reorganisation plans, resulting in a net increase in our support services turnover during the year (2020: £9.4M, 2019: £8.8M).

Whilst overall revenues declined significantly to £23.5M, (a reduction in turnover of 31%, 2019: £34.0M), the Company has seen a strong bounce back in activity over the second half of the year: during the second quarter, turnover was reduced by 50% to that in the same period for the prior year. However, by year end, business activity had encouragingly returned to 70% of normal volumes, or 96% when excluding aviation and workplace support business streams which remain depressed as a result of ongoing measures.

The reduction in the more profitable business streams, as a direct consequence of the pandemic and the resulting government-imposed restrictions, had an adverse impact on Gross Profit Margins, which at 18%, were down on 2019 (22%) but a realignment of our cost base ensured that losses were mitigated as much as possible. Decisive action and constant monitoring by management significantly reduced administration expenses to £5.4M for the year (2019: £6.0M), representing a saving of £0.6M on the prior year.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) declined to a loss of £101K (2019: profit of £2.0M), with a pre-tax loss of £577K (2019: profit of £1.5M); however, by making use of the available government support schemes, we have been able to retain key staff and relationships critical for our post-pandemic recovery in 2021-2022 and beyond, with ongoing staff development remaining one of our highest priorities.

Whilst the Company has continued to see some impact on trade into 2021 due to continued reduced demand in the revenue streams most affected by ongoing restrictions (e.g. aviation) coupled with the increased gestation of projects award life cycles, 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 office market's migration toward flexible workspace and the upgrades ('hotelification') 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 2020

---

### **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 \$400m in 2020. 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 during 2020 has been on developing a Smart Building Multi-Technology Integration & Demonstration Lab. 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), the 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, 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 clients and to create a subsequent integration platform (middleware) that can enable smart building services via apps that will subsequently provide improved outcomes for tenants and compelling experiences for their occupants.

# LINE MANAGEMENT GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 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.

The KPIs below reflect the gross profit adjusted for the costs of employees that were on furlough in the 2020 year.

	Period to 31 Dec 2020	Period to 31 Dec 2019
Turnover	£23,489,597	£33,931,070
Adjusted Gross Profit (£)	£4,763,344	£7,486,896
Adjusted Gross Profit Margin (%)	20.28%	22.07%

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, offsetting reductions in more traditional spending. 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 begins to recommence, 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**

Previously, the principal risk to the growth of the business was over-reliance on certain market sectors and a relatively limited service portfolio, combined with a concentration of key customers and suppliers.

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 2020

---

#### **Competition**

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

The Company remains focussed 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 ongoing economic uncertainty surrounding Covid-19 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 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 and foreign exchange risk. 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 department implements 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.

#### **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.

# LINE MANAGEMENT GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### **Coronavirus (Covid19) Response**

The coronavirus (Covid-19) pandemic is the defining global health crisis of our time.

The speed and scale of the impact of Covid-19 has been unprecedented and fundamentally affected all aspects of our business operations; however, despite the significant reduction in turnover experienced as a direct result of the pandemic, our business has fared better than initially feared, underpinned by a skilled and dedicated workforce and diverse service offering and client base.

Since the outbreak began impacting our business in February 2020, we have responded quickly to establish mechanisms to ensure the ongoing stability and effectiveness of our business operations, taking appropriate steps to safeguard the welfare of our employees, customers and other stakeholders, whilst securing the Company's ongoing trade and future prospects.

Whilst the pandemic continues to adversely affect our business, mainly as a result of ongoing travel restrictions and 'Work from Home' advice, we are confident that our response has been effective throughout and we will continue to adapt and repurpose as life continues to return to normal.

Based on the going concern assessments, and the ongoing forecasting process, and having regard to the resources available to the Company, 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 signing these financial statements and have concluded that there is no material uncertainty arising from the Covid-19 pandemic. It is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

The threat of another pandemic 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.

We have undertaken and implemented a range of measures, with the Directors leading planning and response initiatives as follows:

#### ***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. Working from home wherever possible has been optimised by an acceleration in the digitisation of our business systems and processes.

Health and Safety measures have been under constant review throughout the pandemic and in instances where working from home has not been possible, which is the case for most of our operational teams, maintaining a Covid-secure environment has been our top priority and something that has been achieved by working closely with clients and partners.

Where necessary, we have made use of the government's Coronavirus Job Retention Scheme, furloughing staff most affected by site closures and restrictions in order to preserve jobs and reduce business expenditure.

# LINE MANAGEMENT GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### **Operations**

We have continually reviewed and, where necessary, adapted our delivery model and working practices to adjust to changing conditions and are prepared for some level of disruption to continue for the foreseeable future.

Staff absence, largely as a result of requirements to self-isolate, 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, was carried out prior to the earliest lockdowns. Our systems have coped well throughout the pandemic.

#### **Financial**

Contingency funding was secured early in the pandemic from the Coronavirus Business Interruption Loan Scheme in order to safeguard the Company's ability to trade and ongoing operations. Although unused as at the date of signing these accounts, this funding provides valuable headroom should the pandemic continue into 2022 with subsequent waves of infection leading to further lockdowns.

Focus has remained on cost reduction and deferment; however, there has been a balancing exercise between cash conservation whilst not hampering business progress.

We have benefitted 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.

#### **Future business prospects**

Although 2020 was a challenging year 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 2021 are now expected to be in line with our budget of £32M.

By continuing to control non-essential administrative expense, we anticipate making a relatively modest EBITDA of £1M for the full year. Nonetheless, this is a difficult time for UK business – indeed global business – as a whole and we will not be complacent in our response or ongoing planning activities.

Covid-19 has created significant challenges but also brought opportunities, in many ways accelerating plans for repurposing and streamlining our service offerings. Pre-covid, 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 coronavirus pandemic, such as hybrid working, improvements in occupant health and wellbeing and enhancing the overall user experience of the workplace, will only accelerate the adoption of these technologies that have previously been at the periphery of our business, putting them centre stage.

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.

# LINE MANAGEMENT GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

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.

Although commonplace in the mobile phone industry, this SBaaS 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 year 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



.....  
N D Rowe

**Director**

06 September 2021

# LINE MANAGEMENT GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

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

#### Principal activities

The principal activity of the company is the design, installation and support of Intelligent Building and Data Centre solutions.

#### Directors

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

N D Rowe  
M A Hook  
I Rowe  
K C Rowe

#### Results and dividends

The results for the year are set out on page 13.

Final ordinary dividends were paid amounting to £506,788 (2019: £nil). The directors do not recommend payment of a further dividend in respect of the year ended 31 December 2020.

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### 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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Strategic report

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to present information regarding its financial risk management and future developments in the strategic report.

On behalf of the board



.....  
N D Rowe  
Director

Date: 06 September 2021 .....

# **LINE MANAGEMENT GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The directors are responsible for preparing the Strategic Report and the Directors' 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;
- 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2020 which comprise the statement of comprehensive income, the statement of financial position, 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

## 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINE MANAGEMENT GROUP LIMITED (CONTINUED)**

---

### **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 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, 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 set out on page 9, 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.

### **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 audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINE MANAGEMENT GROUP LIMITED (CONTINUED)

---

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting any correspondence with local tax authorities and evaluating advice received from tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and completing controls and substantive testing alongside an analytical review of revenue in the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

RSM UK Audit LLP

David Clark FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom  
9 September 2021

# LINE MANAGEMENT GROUP LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

---

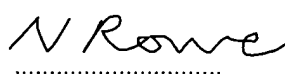
	Notes	2020 £	2019 £
Turnover	3	23,489,597	33,931,070
Cost of sales		(19,179,237)	(26,444,174)
<b>Gross profit</b>		<b>4,310,360</b>	<b>7,486,896</b>
Administrative expenses		(5,400,482)	(5,978,746)
Other operating income	4	537,916	-
<b>Operating (loss)/profit</b>	4	<b>(552,206)</b>	<b>1,508,150</b>
Interest receivable and similar income	7	1,932	8,217
Interest payable and similar expenses	8	(26,485)	(8,321)
<b>(Loss)/profit before taxation</b>		<b>(576,759)</b>	<b>1,508,046</b>
Tax on (loss)/profit	9	119,617	(191,693)
<b>(Loss)/profit and total comprehensive income for the financial year</b>		<b>(457,142)</b>	<b>1,316,353</b>

---

**LINE MANAGEMENT GROUP LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		67,563		202,677
Other intangible assets	11		251,100		339,221
			<u>318,663</u>		<u>541,898</u>
Total intangible assets			318,663		541,898
Tangible assets	12		176,954		244,074
Investments	13		73,932		73,875
			<u>569,549</u>		<u>859,847</u>
<b>Current assets</b>					
Stocks	15		2,998		6,019
Debtors	16		6,687,204		8,168,916
Cash at bank and in hand			3,484,799		3,008,894
			<u>10,175,001</u>		<u>11,183,829</u>
<b>Creditors: amounts falling due within one year</b>	17		(5,644,217)		(7,811,430)
<b>Net current assets</b>			<u>4,530,784</u>		<u>3,372,399</u>
<b>Total assets less current liabilities</b>			<u>5,100,333</u>		<u>4,232,246</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(1,882,968)		(19,655)
<b>Provisions for liabilities</b>	21		(20,010)		(51,306)
<b>Net assets</b>			<u><u>3,197,355</u></u>		<u><u>4,161,285</u></u>
<b>Capital and reserves</b>					
Called up share capital	24		25,907		25,907
Share premium account	25		1,100,714		1,100,714
Profit and loss reserves	25		2,070,734		3,034,664
			<u>3,197,355</u>		<u>4,161,285</u>
<b>Total equity</b>			<u><u>3,197,355</u></u>		<u><u>4,161,285</u></u>

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



N D Rowe  
Director

# LINE MANAGEMENT GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

---

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		25,907	1,100,714	1,718,311	2,844,932
<b>Year ended 31 December 2019:</b>					
Profit and total comprehensive income for the year		-	-	1,316,353	1,316,353
<b>Balance at 31 December 2019</b>		25,907	1,100,714	3,034,664	4,161,285
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(457,142)	(457,142)
Dividends	10	-	-	(506,788)	(506,788)
<b>Balance at 31 December 2020</b>		25,907	1,100,714	2,070,734	3,197,355

---

# LINE MANAGEMENT GROUP LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (used in)/generated from operations	26	(761,205)		1,763,372	
Interest paid		(8,381)		(8,321)	
Income taxes paid		(83,810)		(166,855)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(853,396)</b>		<b>1,588,196</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(80,981)		(168,886)	
Purchase of tangible fixed assets		(39,030)		(69,531)	
Proceeds on disposal of tangible fixed assets		1,933		3,433	
Purchase of other investments		-		(20,000)	
Interest received		1,932		8,217	
<b>Net cash used in investing activities</b>		<b>(116,146)</b>		<b>(246,767)</b>	
<b>Financing activities</b>					
Proceeds of new bank loans		2,000,000		-	
Payment of finance leases obligations		(47,765)		(71,973)	
Dividends paid		(506,788)		-	
<b>Net cash generated from/(used in) financing activities</b>		<b>1,445,447</b>		<b>(71,973)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>475,905</b>		<b>1,269,456</b>	
Cash and cash equivalents at beginning of year		3,008,894		1,739,438	
<b>Cash and cash equivalents at end of year</b>		<b>3,484,799</b>		<b>3,008,894</b>	

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies

##### Company information

Line Management Group Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Third Floor, 20 Old Bailey, London EC4M 7AN.

The company's principal activities and nature of its operations are disclosed in the Directors' Report and Strategic Report.

##### 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" and the requirements of the Companies Act 2006.

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

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

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

##### Group accounts

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, a company incorporated in England & Wales. The consolidated financial statements of LMGH Limited are available from Companies House.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### **Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons set out below.

Given the impact of Covid-19 on the Company's turnover in the year and the current macro-economic conditions in which the Company is operating, the Directors have placed a particular emphasis on assessing the appropriateness of adopting the going concern basis in preparing the financial statement for the year ended 31 December 2020.

The Directors' going concern assessment considered the principal risks and uncertainties as set out in the Strategic Report and is dependent on a number of factors, including financial performance, continued access to borrowing facilities and future market demand for the services offered by the Company.

Liquidity is provided through existing cash reserves, and further supported by an invoice discounting facility and CBILS funding, both of which have remained undrawn throughout 2020 and to the date of signing the accounts in 2021. In assessing its ability to continue as a going concern, the Company has considered a number of potential scenarios, including severe but plausible downside forecasts, and their impact on liquidity.

The Directors prepared a number of possible downside forecast scenarios to assess the risk and impact of any further reductions in turnover or EBITDA and have carefully assessed the impact and actual results on an ongoing basis. These forecasts include reasonable assumptions and predictions over assumed customers, turnover and market trends, and take a prudent view of the costs and cash flow of the business.

The resultant cash flow forecasts have been prepared by the Directors having considered the impact of the outbreak of Covid-19, the effects on the Company's trading performance and the principal risks and uncertainties that have been identified, confirming the ability of the Company to operate within the covenants set out in banking agreements.

Based on these assessments and having regard to the resources available to the Company, 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 signing these financial statements and have concluded that there is no material uncertainty arising from the Covid-19 pandemic. It is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

##### **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.

##### **Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is capitalised within other intangible assets and amortised.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### **Intangible fixed assets - goodwill**

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off over 20 years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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 5 years

##### **Intangible fixed assets other than goodwill**

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

##### **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 machinery	25% straight line
Fixtures, fittings and 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.

##### **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.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### **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.

##### **Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. 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.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential, i.e. benefits expected from use or sale of the stock.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments 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.

##### **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 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

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

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

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

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group, 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.

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

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of 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.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### **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.

##### **Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Leases**

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

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

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

#### **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.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### 2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Key accounting estimates in preparing the financial statements include the amortisation period of capitalised development costs and goodwill. In determining the amortisation period the Directors estimate the useful life of the developed asset and goodwill by determining the period over which the company expects to consume the asset's future economic benefits, with reference to future revenues expected to be generated.

Estimates are also necessary in the evaluation of contractual performance. The company is required to make an estimate of the project completion and profitability levels in respect of contracts that straddle the year end for revenue recognition purposes. This involves a level of judgement and therefore differences may arise between the actual and estimated result.

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



# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5 Employees

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

	2020 Number	2019 Number
Office and management	41	41
Engineers	123	133
Total	<u>164</u>	<u>174</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	7,596,444	7,946,645
Social security costs	880,889	938,891
Pension costs	206,761	205,156
	<u>8,684,094</u>	<u>9,090,692</u>

#### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	585,343	704,573
Company pension contributions to defined contribution schemes	6,500	6,500
	<u>591,843</u>	<u>711,073</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

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

	2020 £	2019 £
Remuneration for qualifying services	197,652	238,027
Company pension contributions to defined contribution schemes	6,500	6,500
	<u>204,152</u>	<u>244,527</u>

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

---

<b>7 Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	1,932	5,253
Other interest income	-	2,964
	<hr/>	<hr/>
Total income	1,932	8,217
	<hr/> <hr/>	<hr/> <hr/>
<b>8 Interest payable and similar expenses</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	21,720	2,075
Interest on finance leases and hire purchase contracts	4,765	6,246
	<hr/>	<hr/>
	26,485	8,321
	<hr/> <hr/>	<hr/> <hr/>
<b>9 Taxation</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	206,288
Adjustments in respect of prior periods	(88,321)	(14,464)
	<hr/>	<hr/>
Total current tax	(88,321)	191,824
	<hr/> <hr/>	<hr/> <hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(37,332)	(131)
Changes in tax rates	6,036	-
	<hr/>	<hr/>
Total deferred tax	(31,296)	(131)
	<hr/> <hr/>	<hr/> <hr/>
Total tax (credit)/charge	(119,617)	191,693
	<hr/> <hr/>	<hr/> <hr/>

---

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the effective rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(576,759)	1,508,046
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(109,584)	286,529
Tax effect of expenses that are not deductible in determining taxable profit	11,602	38,792
Adjustments in respect of prior years	-	6,527
Group relief	-	(6,527)
Permanent capital allowances in excess of depreciation	398	25,875
Research and development tax credit	(17,740)	(45,229)
Adjustments to previous years	(88,321)	(14,464)
Transfer pricing adjustments	(43,059)	(99,826)
Deferred tax movements	23,006	16
Other permanent differences	86	-
Losses carried back	103,995	-
Taxation (credit)/charge for the year	(119,617)	191,693

In the Budget of 11 March 2020, the Chancellor announced the reversal of the previously enacted reduction in the rate of corporation tax. This reversal was subsequently confirmed by a resolution under the Provisional Collection of Taxes Act 1968, which set the rate at 19%. Deferred tax has been recognised at the enacted rate of 19% (2019: 17%).

In the March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge.

#### 10 Dividends

	2020 £	2019 £
Final paid	506,788	-

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11 Intangible fixed assets

	Goodwill	Software	Development Costs	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	1,801,515	89,941	1,440,823	3,332,279
Additions - internally developed	-	-	80,981	80,981
At 31 December 2020	1,801,515	89,941	1,521,804	3,413,260
<b>Amortisation and impairment</b>				
At 1 January 2020	1,598,838	89,941	1,101,602	2,790,381
Amortisation charged for the year	135,114	-	169,102	304,216
At 31 December 2020	1,733,952	89,941	1,270,704	3,094,597
<b>Carrying amount</b>				
At 31 December 2020	67,563	-	251,100	318,663
At 31 December 2019	202,677	-	339,221	541,898

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 machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	71,292	452,831	1,137,250	376,630	2,038,003
Additions	19,125	526	19,379	41,083	80,113
Disposals	-	-	(9,467)	(31,218)	(40,685)
At 31 December 2020	90,417	453,357	1,147,162	386,495	2,077,431
<b>Depreciation and impairment</b>					
At 1 January 2020	71,292	435,271	999,311	288,055	1,793,929
Depreciation charged in the year	3,226	8,430	74,563	60,697	146,916
Eliminated in respect of disposals	-	-	(9,150)	(31,218)	(40,368)
At 31 December 2020	74,518	443,701	1,064,724	317,534	1,900,477
<b>Carrying amount</b>					
At 31 December 2020	15,899	9,656	82,438	68,961	176,954
At 31 December 2019	-	17,560	137,939	88,575	244,074

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2020 £	2019 £
Motor vehicles	68,961	88,575

#### 13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	53,932	53,875
Other investments		20,000	20,000
		<u>73,932</u>	<u>73,875</u>

#### Movements in fixed asset investments

	Shares in group undertakings £	Other investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	53,875	20,000	73,875
Other changes	57	-	57
At 31 December 2020	<u>53,932</u>	<u>20,000</u>	<u>73,932</u>
<b>Carrying amount</b>			
At 31 December 2020	<u>53,932</u>	<u>20,000</u>	<u>73,932</u>
At 31 December 2019	<u>53,875</u>	<u>20,000</u>	<u>73,875</u>

The £57 increase is a correction to a historical difference within investments.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 14 Subsidiaries

The company accounts are consolidated into the consolidated accounts of LMGH Limited, a company incorporated in England & Wales. Group accounts can be obtained from Companies House.

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
2i Systems and Services Limited	Third Floor, 20 Old Bailey, London EC4M 7AN	Dormant	Ordinary	100.00	
Line Management Cabling Limited	As above	Dormant	Ordinary	100.00	
LMG Systems Limited	As above	Dormant	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
2i Systems and Services Limited	-	3,199
Line Management Cabling Limited	-	101
LMG Systems Limited	-	50,632

#### 15 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	2,998	6,019

#### 16 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	2,331,161	3,553,778
Corporation tax recoverable	97,384	-
Amounts owed by group undertakings	1,428,648	1,191,252
Other debtors	745,656	950,742
Prepayments and accrued income	2,084,355	2,473,144
	<u>6,687,204</u>	<u>8,168,916</u>

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	19	133,333	-
Obligations under finance leases	20	31,238	34,566
Trade creditors		2,427,342	3,765,603
Amounts owed to group undertakings		53,834	53,831
Corporation tax		-	74,747
Other taxation and social security		577,959	1,055,176
Other creditors		83,075	148,105
Accruals and deferred income		2,337,436	2,679,402
		<u>5,644,217</u>	<u>7,811,430</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	2020 £	2019 £
Bank loans and overdrafts	19	1,866,667	-
Obligations under finance leases	20	16,301	19,655
		<u>1,882,968</u>	<u>19,655</u>

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

Payable by instalments	<u>266,667</u>	-
------------------------	----------------	---

#### 19 Borrowings

	2020 £	2019 £
Bank loans	<u>2,000,000</u>	-
Payable within one year	133,333	-
Payable after one year	<u>1,866,667</u>	-

The £2,000,000 loan is repayable in monthly instalments after 12 months from the date the loan is drawn, 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, LMGH Limited, has provided a guarantee to the lender. The government has also provided the lender with an 80 per cent guarantee on the loan.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 20 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Less than one year	31,238	34,566
Between one and five years	16,301	19,655
	<u>47,539</u>	<u>54,221</u>

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. Finance lease payables are secured on the assets to which they relate.

#### 21 Provisions for liabilities

	Notes	2020	2019
		£	£
Deferred tax liabilities	22	20,010	51,306

#### 22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019
	£	£
<b>Balances:</b>		
Accelerated capital allowances	26,815	57,402
Other timing differences	(6,805)	(6,096)
	<u>20,010</u>	<u>51,306</u>
		<b>2020</b>
<b>Movements in the year:</b>		<b>£</b>
Liability at 1 January 2020		51,306
Credit to profit or loss		(31,296)
Liability at 31 December 2020		<u>20,010</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.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 23 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	206,761	205,156

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 £35,813 (2019: £35,857) was outstanding to the company's employee stakeholder scheme, and is included within other creditors.

#### 24 Share capital

	2020	2019	2020	2019
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
A Ordinary shares of 1p each	1,151,400	1,151,400	11,514	11,514
B Ordinary shares 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.

#### 25 Reserves

##### **Share premium**

Share premium represents consideration received for shares issued above their nominal value net of transaction costs.

##### **Retained earnings**

Retained earnings represents cumulative profit and loss net of distributions to owners.

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 26 Cash (used in)/generated from operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(457,142)	1,316,353
<b>Adjustments for:</b>		
Taxation (credited)/charged	(119,617)	191,693
Interest payable	26,485	8,321
Interest receivable	(1,932)	(8,217)
Gain on disposal of tangible fixed assets	(1,616)	(1,549)
Amortisation and impairment of intangible assets	304,216	296,453
Depreciation and impairment of tangible fixed assets	146,916	151,956
Interest on government grants	(18,104)	-
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	3,021	(2,581)
Decrease in debtors	1,579,096	2,935,863
Decrease in creditors	(2,222,528)	(3,124,920)
<b>Cash (used in)/generated from operations</b>	<b>(761,205)</b>	<b>1,763,372</b>

#### 27 Analysis of changes in net funds

	1 January 2020 £	Cash flows £	New finance leases £	31 December 2020 £
Cash at bank and in hand	3,008,894	475,905	-	3,484,799
Borrowings excluding overdrafts	-	(2,000,000)	-	(2,000,000)
Obligations under finance leases	(54,221)	47,765	(41,083)	(47,539)
	<u>2,954,673</u>	<u>(1,476,330)</u>	<u>(41,083)</u>	<u>1,437,260</u>

#### 28 Operating lease commitments

##### Lessee

Operating lease payments represent rentals payable by the company for use of its premises, motor vehicles and certain items of office equipment.

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:

	2020 £	2019 £
Within one year	119,626	440,090
Between one and five years	41,019	95,071
	<u>160,645</u>	<u>535,161</u>

# LINE MANAGEMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### **29 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.

During the previous year the company purchased four debentures for £20,000 from a director, the debenture related to the Welsh Rugby Union Principality Stadium.

#### **30 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 the group accounts can be obtained from 20 Old Bailey, London EC4M 7AN.

The directors consider there to be no ultimate controlling party.