

Lineobject Limited

**Directors' report and financial
statements**

Registered number 3621262

31 July 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2006.

Principal activities

The principal activity of the company is to provide services for the delivery of mechanical handling training.

Business review

The company has traded satisfactory during the year and is expected to continue to do so in the future.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

JF Thorpe (resigned 29 November 2006)
CR Moody
JB Gaggini

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

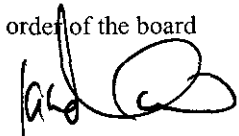
The company made no political contributions during the year.

A charitable donation of £53,447 (2005: £78,948) was made to Moulton College FEC under a deed of covenant.

Auditors

A resolution for the reappointment of KPMG LLP as auditors to the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


JS Mair
Secretary

Moulton College
Moulton
Northampton
Northamptonshire
NN3 7RR

21 December 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 judgments and 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of Lineobject Limited

We have audited the financial statements of Lineobject Limited for the year ended 31 July 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants
Registered Auditors

2 January 2007

Profit and loss account
for the year ended 31 July 2006

	<i>Notes</i>	2006 £	2005 £
Turnover		39,140	46,380
Administrative expenses		(35,721)	(42,833)
Profit on sale of fixed assets		15,258	-
Other operating income	5	32,760	42,721
Operating profit		51,437	46,268
Deed of covenant	6	53,447	(78,948)
Loss on ordinary activities before taxation	2	(2,010)	(32,680)
Tax on loss on ordinary activities		-	-
Retained loss for the year		(2,010)	(32,680)

There were no recognised gains and losses other than the loss for the year.

All results arise from continuing operations.

Balance sheet
at 31 July 2006

	Note	2006	2005
		£	£
Fixed assets			
Tangible assets	7	55,131	35,785
Current assets			
Debtors	8	7,098	-
Cash at bank and in hand		658	11,526
		<u>7,756</u>	<u>11,526</u>
Creditors: amounts falling due within one year	9	<u>(55,447)</u>	<u>(5,101)</u>
Net current (liabilities)/assets		<u>(47,691)</u>	<u>6,425</u>
Total assets less current liabilities		<u>7,440</u>	<u>42,210</u>
Deferred capital grants	10	(3,025)	(35,785)
Net assets		<u>4,415</u>	<u>6,425</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		4,413	6,423
Shareholders' funds - equity	13	<u>4,415</u>	<u>6,425</u>

These financial statements were approved by the board of directors on 21 December 2006 and were signed on its behalf by:

JB Gaggini
Director



CR Moody
Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	7 years
Fixtures and fittings	-	10 years

Government grants

Capital based government grants are included within deferred capital grants in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate. Grants received of a revenue nature are credited to income and expenditure in the period to which they relate.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Loss on ordinary activities before taxation

	2006 £	2005 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	-	-
Other services	-	-
Depreciation and other amounts written off tangible fixed assets	34,426	42,721
<i>and after crediting</i>		
Operating lease rentals	39,140	46,380

Audit costs have been borne by Moulton College.

Notes (continued)

3 Remuneration of directors

No directors received any remuneration in respect of qualifying services during the year (2005: Nil).

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 3 (2005: 3). There were no staff costs in the current or preceding year.

5 Other operating income

	2006 £	2005 £
Release from deferred capital grants	32,760	42,721

6 Deed of covenant

This represents the group payment to Moulton College FEC, an exempt charity, which is the company's ultimate parent company.

7 Tangible fixed assets

	Equipment £	Plant £	Total £
Cost at 1 August 2005	291,344	11,000	302,344
Additions	56,515	-	56,515
Disposals	(46,074)	-	(46,074)
Cost at 31 July 2006	301,785	11,000	312,785
Depreciation at 1 August 2005	259,684	6,875	266,559
Charged in the year	33,326	1,100	34,426
Eliminated on disposals	(43,331)	-	(43,331)
Depreciation at 31 July 2006	249,679	7,975	257,654
Net book value at 31 July 2006	52,106	3,025	55,131
Net book value at 31 July 2005	31,660	4,125	35,785

Included in tangible fixed assets is £312,785 gross value and £257,654 (2005: £302,344 and £266,559) accumulated depreciation relating to assets held for use under operating leases.

Notes (continued)

8 Debtors

	2006 £	2005 £
Tax on pension	3,826	-
Amounts owed by parent	3,272	-
	<u>7,098</u>	<u>-</u>

9 Creditors: amounts falling due within one year

	2006 £	2005 £
Other taxation and social security	-	2,029
Accruals and deferred income	2,000	2,000
Amounts owed to group undertaking	53,447	1,072
	<u>55,447</u>	<u>5,101</u>

10 Deferred capital grants

	Equipment £
At 1 August 2005	35,785
Released to income and expenditure account	(32,760)
	<u>3,025</u>
At 31 July 2006	<u>3,025</u>

11 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

Notes (continued)

12 Reserves

	Profit and loss account £
At beginning of year	6,423
Retained loss for the year	(2,010)
	<hr/>
At end of year	4,413
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13 Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Loss for the financial year	2,010	(32,680)
	<hr/>	<hr/>
Net movement in shareholders' funds	(2,010)	(32,680)
Opening shareholders' funds	6,425	39,105
	<hr/>	<hr/>
Closing shareholders' funds	4,415	6,425
	<hr/>	<hr/>

14 Commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2006 £	2005 £
Contracted	-	-
	<hr/>	<hr/>

15 Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Moulton College FEC, the immediate and ultimate controlling party. The results of the company are consolidated in the group accounts of Moulton College FEC which are available from the college at West Street, Moulton, Northamptonshire.