Company Registration No. 04215303 (England and Wales)

LINE MANAGEMENT GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

LINE MANAGEMENT GROUP LIMITED

COMPANY INFORMATION

Directors	N D Rowe M A Hook I Rowe K C Rowe
Secretary	Temple Secretarial Limited
Company number	04215303
Registered office	Third Floor 20 Old Bailey London EC4M 7AN
Auditor	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 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

2019 was a year of continued consolidation for the business with the focus on quality of earnings derived from a lower volume of, but more attractive, opportunities. Whilst revenues of £33.9M represented a reduction in turnover of 10.6% (2018: £38.0M), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of £2.0M was pleasing (2018: £1.4M), driven by the continued improvement in gross profit margins, being 22.1% for the year (2018: 19.4%). Administration expenses were slightly reduced, at £6.0M for the year (2018: £6.4M).

Our cash position improved, seeing net cash inflows of £1.3M (2018: £3.4M) with a positive cash balance maintained throughout the year and no external funding in use at year end.

2019 EBITDA was £2.0M (2018: £1.4M), with pre-tax profit of £1.5M (2018: £0.9M).

As planned, the directors have agreed to continue to focus the business on the core markets of data centres, enterprise workspace, co-working space, health and hospitality projects and associated support services. Technologies to be installed and/or supported in these markets will continue to be: ICT cabling infrastructure, LAN/WiFi, VoIP and in-building cellular networks, audio visual systems, and physical security systems.

Global services

Since 2010, LMG has been the UK and European representative of LGAP, a global alliance of like-minded service providers with combined annual sales exceeding $458m in 2019. 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 LMGH, leading to opportunities in data centre builds, enterprise office fit outs and IT integration projects.

Quality and management systems

LMG 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 ingrained 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 being confident that their information assets are secured to the highest standard.

Principal risks and uncertainties

The directors have considered the risks that are most significant to the business in terms of both operational and financial impact. Previously, the principal risk to the growth of the business was the over-reliance on certain market sectors and a relatively limited service portfolio, combined with a concentration on key customers and suppliers. Over recent years, LMG 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, co-working, residential and hospitality; as well as continuing to expand our footprint outside of the UK into Europe and beyond through our LGAP partnership.

Financial risk management

The company's operations expose it to limited financial risks that include credit risk and foreign exchange risk. Given the size of the company, 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 company 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 company expects to meet its financial obligations through operating cash flows and existing financing arrangements.

Credit risk management

The company maintains policies that require appropriate credit verification procedures on potential new customers. Credit limits and debtor balances for existing customers are monitored on an on-going basis and provision is made for doubtful debts where necessary. Given the uncertain economy, there are particular risks associated with construction contracts and the company carefully evaluates all prospective clients before entering into any new contract.

Commercial risk management

In order to limit future exposure to high risk onerous commitments, all prospective contracts are thoroughly evaluated, and risk assessed, ensuring that commercial risk is both recognised and commensurate with the anticipated return before agreements are entered into. This particular area of risk management, and the resultant controls that have been implemented, will continue to have a significant impact on both business profitability and stability.

Foreign exchange risk management

The company is occasionally exposed to foreign exchange risk, mainly because of its European operations. For all overseas work, the company assesses the potential adverse impact on profit of fluctuations in foreign exchange rates, the most noteworthy being the Sterling/Euro rate. Where transaction exposure is considered to be significant, a forward currency contract is evaluated and entered into if deemed beneficial.

Coronavirus (Covid19)

The coronavirus covid19 pandemic is the defining global health crisis of our time and represents a significant risk to the business, indeed most businesses, particularly those dependent on the built environment. Despite this, in the immediate aftermath of the outbreak and during the period of lockdown, our business has fared better than initially feared, underpinned by a diverse service offering and enviable client base.

In light of the pandemic, the directors have considered appropriate measures to respond to the uncertain economic outlook faced, in order to ensure that the company remains a going concern over the next 12 months. Whilst there can be no absolute certainty due to the conditions across the world at present, the directors are confident in the future prospects of the business based on action plans and forecasts. Our strong, debt-free, financial position at the end of 2019 meant that we moved into 2020 as well prepared as we could be – albeit unbeknownst at that point - to face a significant and prolonged reduction in turnover.

Subsequent to the year end, as a result of the impact of coronavirus both in the UK and overseas, the company has made a modest trading loss for the six months ended 30 June 2020. By taking advantage of the support measures made available by the Government, such as the Coronavirus Job Retention Scheme and extended payment terms for statutory liabilities, the company has cash reserves at the date of approval of the financial statements, and is not presently making use of its pre-existing funding facilities. The company has also secured additional contingency funding by accessing CBILS support from our bankers, NatWest plc, ensuring that the business is in a strong position to withstand a longer period of recession and is able to continue to meet its liabilities as they fall due for at least the next 12 months.

Assessing our immediate, mid and long-term exposure and mitigating against the associated risk is, and will remain, a key area of focus for the directors and senior managers of the business. As the full financial impact of the coronavirus-induced lockdown becomes clear, with UK debt exceeding GDP for the first time in 57 years, we are preparing for a period of significant disruption to our business; by placing its long term success of stability at forefront of our decisions, we remain confident that we have the resources and financial strength to thrive.

Key performance indicators
The financial key performance indicators (KPIs) in LMG are: revenue growth; gross profit margin; earnings before interest, tax, depreciation and amortisation (EBITDA); and net profit, all of which are monitored on a monthly basis and reported to the board. A broad range of operational KPIs are also maintained by the Quality Team, providing 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.

Research and development
LMG's principal R&D focus during 2019 was initiating research into creating a centralised service delivery platform with the capability to remotely diagnose and manage multi-technology support and maintenance services. This primary task was performed alongside continued development of our occupancy management and user experience (UX) app, LMG Workspace IQ, and our initiative to create an integrated DCIM/AIM platform for our data centre customers. WorkSpace IQ is an occupancy monitoring and analytics app that enables Corporate Real Estate managers to monitor and visualise the utilisation of their entire estate in incredible detail – as if they were physically present everywhere, all of the time. Our 2019 R&D activity involved delivering this capability without the need for supporting hardware infrastructure, achieved by using reference points with third party data sources to infer user location and hence occupancy. Our DCIM/AIM integration provides clients with full visibility of their data centre assets and connectivity from a single pane of glass, providing greater data accuracy thereby significantly reducing the risk associated with change, improving change process and fault resolution efficiency. The deployment of Workspace IQ at Schroders' new London HQ and our DCIM/AIM integration at RBC's Slough data centre offer compelling reference sites to convert future smart building opportunities in 2020/2021.

Future business prospects
Despite the current global pandemic and resultant economic downturn, the directors consider the business to be in a strong position to negotiate the inevitably challenging times that lie ahead. Down from a budget of £40M, full year revenues for 2020 are now expected to fall to c£30M, however by making use of the government's Coronavirus Job Retention Scheme and reducing all non-essential administrative expenses, we expect any losses to be relatively modest. 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 planning activities.

Pre-covid, our focus continued to be on adapting and transforming the business to capitalise on the development of BIoT 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 widescale working from home and improvements in occupant health and wellbeing, will only accelerate the adoption of technologies that have previously been at the periphery of our business, putting them centre stage.

Perhaps the greatest opportunity lies in the development of new services. Technological change is reducing demand for traditional, site-based, discrete ICT and FM support services. It's 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 technically siloed resources that often result in multiple, repeat visits by costly specialist technicians to solve single-silo problems in an increasingly complex and integrated built environment. Consequently, there is a cultural shift toward centralised, integrated, remotely managed, 'pay as you go' support models.

Our intent, by the end of 2020, is to launch a new data-driven ICT/FM support model based on defined processes, standards & toolsets that optimizes efficiency and effectiveness but can be customized to provide a bespoke customer service. This on-demand service will operate in conjunction with our traditional delivery model and can be enhanced as customer needs and demands evolve over time. Long-term service contracts are essential in providing stability, improved quality of earnings and increased shareholder value.

Finally, more than ever, our success will depend on our people who are increasingly highly trained and will be mentally prepared for a culture of change, recalibration and evolution over the coming months and years.

On behalf of the board

N Rowe
....
N D Rowe
Director
7th September 2020........................

LINE MANAGEMENT GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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 9.

No ordinary dividends were paid (2019: £nil). The directors do not recommend payment of a final dividend.

COVID-19
The impact of COVID-19 on UK and global economies and businesses is expected to be moderate. The directors cannot predict the impact on the company (or its customers or suppliers), although they are proactively taking action to ensure any impact to the company is minimised.

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 Rowe
....
N D Rowe
Director

Date: 7th September 2020............................

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 a summary of 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 2019 and of its profit 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 6, 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.

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

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

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
8 September 2020

LINE MANAGEMENT GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	33,931,070	37,951,683
Cost of sales		(26,444,174)	(30,598,863)
Gross profit		7,486,896	7,352,820
Administrative expenses		(5,978,746)	(6,406,331)
Operating profit	6	1,508,150	946,489
Interest receivable and similar income	7	8,217	892
Interest payable and similar expenses	8	(8,321)	(59,530)
Profit before taxation		1,508,046	887,851
Tax on profit	9	(191,693)	(165,815)
Profit and total comprehensive income for the financial year		1,316,353	722,036

Company Registration No. 04215303

LINE MANAGEMENT GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Goodwill	10		202,677		337,790
Other intangible assets	10		339,221		331,675
Total intangible assets			541,898		669,465
Tangible assets	11		244,074		271,159
Investments	12		73,875		53,875
			859,847		994,499
Current assets					
Stocks	14	6,019		3,438	
Debtors	15	8,168,916		11,104,779	
Cash at bank and in hand		3,008,894		1,739,438	
		11,183,829		12,847,655	
Creditors: amounts falling due within one year	16	(7,811,430)		(10,928,793)	
Net current assets			3,372,399		1,918,862
Total assets less current liabilities			4,232,246		2,913,361
Creditors: amounts falling due after more than one year	17		(19,655)		(16,992)
Provisions for liabilities	19		(51,306)		(51,437)
Net assets			4,161,285		2,844,932
Capital and reserves					
Called up share capital	22		25,907		25,907
Share premium account	23		1,100,714		1,100,714
Profit and loss reserves	23		3,034,664		1,718,311
Total equity			4,161,285		2,844,932

The financial statements were approved by the board of directors and authorised for issue on 7th September 2020 and are signed on its behalf by:

N Rowe

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N D Rowe

Director

LINE MANAGEMENT GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	25,907	1,100,714	996,275	2,122,896
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	722,036	722,036
Balance at 31 December 2018	25,907	1,100,714	1,718,311	2,844,932
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	1,316,353	1,316,353
Balance at 31 December 2019	25,907	1,100,714	3,034,664	4,161,285

LINE MANAGEMENT GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	**24**		1,763,372		3,323,114
Interest paid			(8,321)		(59,530)
Income taxes (paid)/refunded			(166,855)		236,851
Net cash inflow from operating activities			1,588,196		3,500,435
Investing activities					
Purchase of intangible assets		(168,886)		(732)	
Purchase of tangible fixed assets		(69,531)		(21,620)	
Proceeds on disposal of tangible fixed assets		3,433		-	
Proceeds from other investments		(20,000)		-	
Interest received		8,217		892	
Net cash used in investing activities			(246,767)		(21,460)
Financing activities					
Payment of finance leases obligations		(71,973)		(64,733)	
Net cash used in financing activities			(71,973)		(64,733)
Net increase in cash and cash equivalents			1,269,456		3,414,242
Cash and cash equivalents at beginning of year			1,739,438		(1,674,804)
Cash and cash equivalents at end of year			3,008,894		1,739,438

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 with application of the FRS 102 Triennial Review 2017 amendments in full.

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.

1 Accounting policies (Continued)

Going concern

The coronavirus covid19 pandemic is the defining global health crisis of our time and represents a significant risk to the business, indeed most businesses, particularly those dependent on the built environment. Despite this, in the immediate aftermath of the outbreak and during the period of lockdown, our business has fared better than initially feared, underpinned by a diverse service offering and enviable client base.

In light of the pandemic, the directors have considered appropriate measures to respond to the uncertain economic outlook faced, in order to ensure that the company remains a going concern over the next 12 months. Whilst there can be no absolute certainty due to the conditions across the world at present, the directors are confident in the future prospects of the business based on action plans and forecasts. Our strong, debt-free, financial position at the end of 2019 meant that we moved into 2020 as well prepared as we could be – albeit unbeknownst at that point - to face a significant and prolonged reduction in turnover.

Subsequent to the year end, as a result of the impact of coronavirus both in the UK and overseas, the company has made a modest trading loss for the six months ended 30 June 2020. By taking advantage of the support measures made available by the Government, such as the Coronavirus Job Retention Scheme and extended payment terms for statutory liabilities, the company has cash reserves at the date of approval of the financial statements, and is not presently making use of its pre-existing funding facilities. The company has also secured additional contingency funding by accessing CBILS support from our bankers, NatWest plc, ensuring that the business is in a strong position to withstand a longer period of recession and is able to continue to meet its liabilities as they fall due for at least the next 12 months.

Assessing our immediate, mid and long-term exposure and mitigating against the associated risk is, and will remain, a key area of focus for the directors and senior managers of the business. As the full financial impact of the coronavirus-induced lockdown becomes clear, with UK debt exceeding GDP for the first time in 57 years, we are preparing for a period of significant disruption to our business; by placing its long term success of stability at forefront of our decisions, we remain confident that we have the resources and financial strength to thrive.

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.

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.

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.

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

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.

1 Accounting policies (Continued)

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.

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.

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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Design and Build Solutions	12,837,659	15,761,750
Support Services: Managed Services	8,809,336	8,646,221
Support Services: Frameworks and Maintenance Contracts	12,284,075	13,543,712
	33,931,070	37,951,683

Turnover analysed by geographical market

	2019	2018
	£	£
United Kingdom	30,268,907	35,759,074
Europe/Other	3,662,163	2,192,609
	33,931,070	37,951,683

4 Employees

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

	2019 Number	2018 Number
Office and management	41	50
Engineers	133	150
	174	200

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	7,946,645	9,087,704
Social security costs	938,891	1,040,186
Pension costs	205,156	204,689
	9,090,692	10,332,579

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	704,573	804,280
Company pension contributions to defined contribution schemes	6,500	12,675
	711,073	816,955

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 4).

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

	2019 £	2018 £
Remuneration for qualifying services	238,027	206,228
Company pension contributions to defined contribution schemes	6,500	1,300

6 Operating profit

Operating profit for the year is stated after charging/(crediting):	2019 £	2018 £
Exchange gains	(3,812)	(6,972)
Fees payable to the company's auditor for the audit of the company's financial statements	38,750	37,500
Fees payable to the company's auditor for other services	22,150	21,350
Depreciation of owned tangible fixed assets	92,345	88,602
Depreciation of tangible fixed assets held under finance leases	59,611	56,739
Profit on disposal of tangible fixed assets	(1,549)	-
Amortisation of intangible assets	296,453	313,314
Operating lease charges	486,506	426,352

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	5,253	892
Other interest income	2,964	-
Total income	8,217	892

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	2,075	54,010
Interest on finance leases and hire purchase contracts	6,246	5,520
	8,321	59,530

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	206,288	113,223
Adjustments in respect of prior periods	(14,464)	28,595
Total current tax	191,824	141,818
Deferred tax		
Origination and reversal of timing differences	(131)	23,997
Total tax charge	191,693	165,815

9 Taxation (Continued)

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

	2019	2018
	£	£
Profit before taxation	1,508,046	887,851
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	286,529	168,692
Tax effect of expenses that are not deductible in determining taxable profit	38,792	32,994
Adjustments in respect of prior years	6,527	3,112
Group relief	(6,527)	(3,112)
Permanent capital allowances in excess of depreciation	25,875	25,911
Research and development tax credit	(45,229)	(18,500)
Adjustments to previous years	(14,464)	28,595
Transfer pricing adjustments	(99,826)	(69,323)
Deferred tax movements	16	(2,554)
Taxation charge for the year	191,693	165,815

10 Intangible fixed assets

	Goodwill	Software	Development Costs	Total
	£	£	£	£
Cost				
At 1 January 2019	1,801,515	89,941	1,271,937	3,163,393
Additions - internally developed	-	-	168,886	168,886
At 31 December 2019	1,801,515	89,941	1,440,823	3,332,279
Amortisation and impairment				
At 1 January 2019	1,463,725	87,279	942,924	2,493,928
Amortisation charged for the year	135,113	2,662	158,678	296,453
At 31 December 2019	1,598,838	89,941	1,101,602	2,790,381
Carrying amount				
At 31 December 2019	202,677	-	339,221	541,898
At 31 December 2018	337,790	2,662	329,013	669,465

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.

11 Tangible fixed assets

	Leasehold improve-ments	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	72,017	442,567	1,083,943	347,401	1,945,928
Additions	-	15,235	54,296	57,224	126,755
Disposals	(725)	(4,971)	(989)	(27,995)	(34,680)
At 31 December 2019	71,292	452,831	1,137,250	376,630	2,038,003
Depreciation and impairment					
At 1 January 2019	71,669	429,923	921,403	251,774	1,674,769
Depreciation charged in the year	348	8,888	78,444	64,276	151,956
Eliminated in respect of disposals	(725)	(3,540)	(536)	(27,995)	(32,796)
At 31 December 2019	71,292	435,271	999,311	288,055	1,793,929
Carrying amount					
At 31 December 2019	-	17,560	137,939	88,575	244,074
At 31 December 2018	348	12,644	162,540	95,627	271,159

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

	2019	2018
	£	£
Motor vehicles	88,575	95,627

12 Fixed asset investments

	Notes	2019	2018
		£	£
Investments in subsidiaries	13	53,875	53,875
Other investments		20,000	-
		73,875	53,875

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments	Total
	£	£	£
Cost or valuation			
At 1 January 2019	53,875	-	53,875
Additions	-	20,000	20,000
At 31 December 2019	53,875	20,000	73,875
Carrying amount			
At 31 December 2019	53,875	20,000	73,875
At 31 December 2018	53,875	-	53,875

13 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 2019 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

14 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	6,019	3,438

15 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	3,553,778	4,470,517
Amounts owed by group undertakings	1,191,252	917,714
Other debtors	950,742	782,465
Prepayments and accrued income	2,473,144	4,934,083
	8,168,916	11,104,779

16 Creditors: amounts falling due within one year

		2019	2018
	Notes	£	£
Obligations under finance leases	18	34,566	51,978
Trade creditors		3,765,603	6,266,617
Amounts owed to group undertakings		53,831	53,831
Corporation tax		74,747	49,778
Other taxation and social security		1,055,176	708,444
Other creditors		148,105	145,549
Accruals and deferred income		2,679,402	3,652,596
		7,811,430	10,928,793

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.

17 Creditors: amounts falling due after more than one year

		2019	2018
	Notes	£	£
Obligations under finance leases	18	19,655	16,992

18 Finance lease obligations

Future minimum lease payments due under finance leases:	2019 £	2018 £
Less than one year	34,566	51,978
Between one and five years	19,655	16,992
	54,221	68,970

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.

19 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	20	51,306	51,437

20 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:

Balances:	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	57,402	56,730
Other timing differences	(6,096)	(5,293)
	51,306	51,437

Movements in the year:	2019 £
Liability at 1 January 2019	51,437
Credit to profit or loss	(131)
Liability at 31 December 2019	51,306

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

21 Retirement benefit schemes

	2019	2018
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	205,156	204,689

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 £35,857 (2018: £31,135) was outstanding to the company's employee stakeholder scheme, and is included within other creditors.

22 Share capital

	2019	2018
	£	**£**
Ordinary share capital		
Issued and fully paid		
1,151,400 A Ordinary shares of 1p each	11,514	11,514
1,439,300 B Ordinary shares of 1p each	14,393	14,393
	25,907	25,907

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.

23 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.

24 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	1,316,353	722,036
Adjustments for:		
Taxation	191,693	165,815
Interest payable	8,321	59,530
Interest income	(8,217)	(892)
Gain on disposal of tangible fixed assets	(1,549)	-
Amortisation of intangible assets	296,453	313,314
Depreciation of tangible fixed assets	151,956	145,341
Movements in working capital:		
(Increase)/decrease in stocks	(2,581)	632
Decrease/(increase) in debtors	2,935,863	(106,201)
(Decrease)/increase in creditors	(3,124,920)	2,023,539
Cash generated from operations	1,763,372	3,323,114

25 Analysis of changes in net funds

	1 January 2019	Cash flows	New finance leases	31 December 2019
	£	£	£	£
Cash at bank and in hand	1,739,438	1,269,456	-	3,008,894
Obligations under finance leases	(68,970)	71,973	(57,224)	(54,221)
	1,670,468	1,341,429	(57,224)	2,954,673

26 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:

	2019	2018
	£	£
Within one year	10,637	28,989
Between one and five years	2,385	13,022
	13,022	42,011

27 Events after the reporting date

The impact of COVID-19 on UK and global economies and businesses is expected to be significant. The directors cannot predict the impact on the company (or its customers or suppliers), although they are confident that the group will continue as a going concern.

28 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.

Line Management Group Limited ('LMG') is liable to pay an annual rent of £Nil (2018: £55,725) to the Line Management Executive Pension Scheme in respect of the Lease of Dolphin Point, West Thurrock, premises occupied by the company. A director of LMG is a trustee in the Pension Scheme. There were no amounts outstanding at the year end.

During the year the company had purchases with the Dragon Inn (Crickhowell) Limited to the value of £Nil (2018: £2,024), a company related by virtue of the common directorships. There were no amounts outstanding at the year end.

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

29 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.