

Company Registration No. SC142670 (Scotland)

LINEAR PROJECTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

LINEAR PROJECTS LIMITED

COMPANY INFORMATION

Directors	S Holmes D S Zahra G D Holmes T Steele V McQueer J McTernan S Paterson K Robinson
Company number	SC142670
Registered office	7 Maxim Office Park Parklands Avenue Eurocentral Motherwell ML1 4WQ
Auditor	Azets Audit Services Titanium 1 Kings Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

LINEAR PROJECTS LIMITED

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LINEAR PROJECTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

Fair review of the business

The company results for the year show a pre-tax profit of £1.53m (2020 £1.87m) on turnover of £49.6m (2020 £24.8m). The company has a net balance sheet value of £3.27m at 30 September 2021 (2020 £2.70m).

Principal risks and uncertainties

The company is exposed to a variety of business risks including competition; the Scottish and UK economy; liquidity risk and supply chain.

Economic Risk

The company is exposed to local and national market conditions. The directors closely follow economic indicators and consider the impact of economic movements when assessing new contract opportunities.

Liquidity Risk

The company manages its liquidity through a mixture of cash reserves and bank loans. The objective is to ensure a mix of funding offering flexibility and cost effectiveness to manage the needs of the company.

Supply Chain

The company has a strong working relationship with its suppliers and sub contractors and we believe these place the company in a strong position to continue trading profitably.

Risks and uncertainties - Global pandemic

We are confident that the business has taken appropriate steps to mitigate any remaining risks associated with COVID-19.

The company is following Government guidance concerning all aspects of the pandemic to ensure best practice precautions are applied and is continuously communicating with its staff with regards to changing guidance.

The company continues to monitor staff health and is in constant communication with suppliers, customers and staff as events transpire and Government advice develops.

Although it is not possible to reliably estimate the length or severity of this outbreak, at the date of signing, the company has taken steps to deal with the risks presented and is actively managing its cost base to operate within current and forecast income levels. The company considers that it has sufficient funding available to meet the forecast cash requirements of the business specifically in relation to a downturn in activity as a consequence of the COVID-19 pandemic.

Despite the uncertainty within the market, we are clear about our strategy; we will continue to grow and serve as an essential tier 1 contractor to the UK construction industry. We have and will continue to win work with an order book in excess of our expectations. We have proven during this period to be an agile resilient and highly liquid business who is in a strong position to continue to grow even in these recessionary times.

Future Outlook

The strength of our close and transparent customer and supplier relationships, alongside the continued support of our shareholders, puts the company in a strong position to continue to grow and move forward once the current disruption has ended.

LINEAR PROJECTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Key Performance Indicators

The company regularly monitors key performance indicators including turnover, gross profit, gross margin per contract and EBITDA.

On behalf of the board

S Paterson

Director

29 June 2022

LINEAR PROJECTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Principal activities

The principal activity of the company continued to be that of joinery contractors and shop fitters.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends of £696,000 were paid. The directors do not recommend payment of a final dividend.

Directors

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

S Holmes
D S Zahra
G D Holmes
T Steele
V McQueer
J McTernan
S Paterson
K Robinson

Auditor

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

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

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

LINEAR PROJECTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Statement of disclosure to auditor

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

On behalf of the board

S Paterson
Director

29 June 2022

LINEAR PROJECTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LINEAR PROJECTS LIMITED

Opinion

We have audited the financial statements of Linear Projects Limited (the 'company') for the year ended 30 September 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LINEAR PROJECTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LINEAR PROJECTS LIMITED

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LINEAR PROJECTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LINEAR PROJECTS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Jennifer Alexander (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

29 June 2022

Chartered Accountants
Statutory Auditor

Titanium 1
Kings Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

LINEAR PROJECTS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	49,624,236	24,785,290
Cost of sales		(45,193,862)	(20,837,083)
Gross profit		4,430,374	3,948,207
Administrative expenses		(2,923,610)	(2,403,691)
Other operating income		105,639	326,956
Operating profit	4	1,612,403	1,871,472
Interest receivable and similar income	8	226	3,425
Interest payable and similar expenses	9	(79,440)	(8,085)
Profit before taxation		1,533,189	1,866,812
Tax on profit	10	(276,525)	(349,857)
Profit for the financial year		1,256,664	1,516,955

The income statement has been prepared on the basis that all operations are continuing operations.

LINEAR PROJECTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021	2020
	£	£
Profit for the year	1,256,664	1,516,955
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,256,664</u>	<u>1,516,955</u>

LINEAR PROJECTS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	711,239		805,590	
Investment properties	13	60,000		60,000	
Investments	14	9		9	
		<u>771,248</u>		<u>865,599</u>	
Current assets					
Debtors	16	12,404,113		11,629,695	
Cash at bank and in hand		<u>1,501,650</u>		<u>2,035,492</u>	
		13,905,763		13,665,187	
Creditors: amounts falling due within one year	17	<u>(9,624,323)</u>		<u>(9,612,350)</u>	
Net current assets		<u>4,281,440</u>		<u>4,052,837</u>	
Total assets less current liabilities		<u>5,052,688</u>		<u>4,918,436</u>	
Creditors: amounts falling due after more than one year	18	(1,719,977)		(2,159,746)	
Provisions for liabilities					
Deferred tax liability	21	<u>65,867</u>		<u>52,510</u>	
		(65,867)		(52,510)	
Net assets		<u>3,266,844</u>		<u>2,706,180</u>	
Capital and reserves					
Called up share capital	23	23		23	
Capital redemption reserve		101		101	
Profit and loss reserves		<u>3,266,720</u>		<u>2,706,056</u>	
Total equity		<u>3,266,844</u>		<u>2,706,180</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 June 2022 and are signed on its behalf by:

S Paterson
Director

Company Registration No. SC142670

LINEAR PROJECTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2019		24	100	2,675,258	2,675,382
Year ended 30 September 2020:					
Profit and total comprehensive income for the year		-	-	1,516,955	1,516,955
Dividends	11	-	-	(1,466,158)	(1,466,158)
Own shares acquired		-	-	(19,999)	(19,999)
Redemption of shares	23	(1)	1	-	-
Balance at 30 September 2020		23	101	2,706,056	2,706,180
Year ended 30 September 2021:					
Profit and total comprehensive income for the year		-	-	1,256,664	1,256,664
Dividends	11	-	-	(696,000)	(696,000)
Balance at 30 September 2021		23	101	3,266,720	3,266,844

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Linear Projects Limited is a private company limited by shares incorporated in Scotland. The registered office is 7 Maxim Office Park, Parklands Avenue, Eurocentral, Motherwell, ML1 4WQ.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. 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 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- 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 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Linear UK Group Limited. These consolidated financial statements are available from its registered office, 7 Maxim Office Park, Parklands Avenue, Eurocentral, Motherwell, ML1 4WQ.

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.

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

The directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In satisfaction of this responsibility the directors have considered the company's ability to meet its liabilities as they fall due.

The company meets its day to day working capital requirements through existing bank facilities. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity.

Although it is not possible to reliably estimate the length or severity of the covid outbreak, at the date of signing, the company has taken steps to deal with the risks presented and is actively managing its cost base to operate within current and forecast income levels. The directors acknowledge the situation could change suddenly depending on how the situation evolves and will assess and respond to any change in risk as appropriate.

The current and future financial position of the company, its cash flows and liquidity position have been reviewed by the directors. The directors have prepared detailed financial projections for a period extending to at least 12 months from the date of approval of these financial statements. The directors are confident that the existing funding facilities will provide sufficient headroom to meet forecast cash requirements having considered any additional requirements that would be contingent on an extended downturn in activity over the same period (specifically in relation to the COVID-19 pandemic).

As such, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

1.3 Turnover

Turnover represents the value of work done during the year ascertained by reference to contract measurement, excluding value added tax.

On the balance sheet a contract represents an asset where the gross value of work done exceeds payments to accounts on that contract. These are disclosed within debtors and amounts recoverable on contract.

Retentions and payments on account receivable are included in amounts recoverable on contracts.

Payments on account received in excess of the value of work done are included in creditors.

1.4 Tangible fixed assets

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:

Freehold land and buildings	Not depreciated
Leasehold land and buildings	In accordance with the property
Leasehold improvements	In accordance with the property
Plant and equipment	20% on reducing balance
Fixtures and fittings	20% on reducing balance
Motor vehicles	20% on reducing balance

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries 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.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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.

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

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 that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through 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 the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

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

1.11 Taxation

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

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.15 Government grants

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

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

1.16 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Long term contracts

Profit recognition on long term contracts is based on management's best estimate of the stage of completion of each contract. This is based on the best available information along with their experience of similar contracts. If applicable the level of loss recognised is based on forecasts, which can be determined with reasonable certainty.

3 Turnover and other revenue

	2021	2020
	£	£
Other significant revenue		
Interest income	226	3,425
Grants received	102,246	323,001
	<u> </u>	<u> </u>

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(102,246)	(323,001)
Depreciation of owned tangible fixed assets	21,735	24,440
Depreciation of tangible fixed assets held under finance leases	1,649	2,060
Profit on disposal of tangible fixed assets	(44,440)	-
Operating lease charges	20,596	20,596
	<u>20,596</u>	<u>20,596</u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	15,689	15,000
	<u>15,689</u>	<u>15,000</u>

6 Employees

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

	2021	2020
	Number	Number
Administration	65	38
Management	49	35
Total	<u>114</u>	<u>73</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	4,908,498	5,828,091
Social security costs	171,776	204,128
Pension costs	28,960	21,697
	<u>5,109,234</u>	<u>6,053,916</u>

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	605,303	553,029
Company pension contributions to defined contribution schemes	6,446	4,287
	<u>611,749</u>	<u>557,316</u>

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

	2021 £	2020 £
Remuneration for qualifying services	104,974	98,589
Company pension contributions to defined contribution schemes	1,316	877
	<u>106,290</u>	<u>99,466</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	226	3,425
	<u>226</u>	<u>3,425</u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	70,699	7,623
Interest on finance leases and hire purchase contracts	77	462
Other interest	8,664	-
	<u>79,440</u>	<u>8,085</u>

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	263,168	336,808
	<u>263,168</u>	<u>336,808</u>
Deferred tax		
Origination and reversal of timing differences	13,357	13,049
	<u>13,357</u>	<u>13,049</u>
Total tax charge	<u>276,525</u>	<u>349,857</u>

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	1,533,189	1,866,812
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	291,306	354,694
Tax effect of expenses that are not deductible in determining taxable profit	7,440	10,196
Group relief	(29,584)	(19,932)
Permanent capital allowances in excess of depreciation	(8,446)	256
Adjust closing deferred tax to average rate	15,809	4,643
Taxation charge for the year	276,525	349,857

11 Dividends

	2021 £	2020 £
Interim paid	696,000	1,466,158

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

12	Tangible fixed assets	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
		£	£	£	£	£	£	£
Cost								
At 1 October 2020	411,358	89,881	231,747	20,790	226,748	15,260	995,784	
Additions	-	-	1,904	-	3,040	1,650	6,594	
Disposals	-	(89,881)	-	-	-	-	(89,881)	
At 30 September 2021	411,358	-	233,651	20,790	229,788	16,910	912,497	
Depreciation and impairment								
At 1 October 2020	-	11,421	3,317	15,818	152,619	7,019	190,194	
Depreciation charged in the year	-	899	4,621	993	15,029	1,842	23,384	
Eliminated in respect of disposals	-	(12,320)	-	-	-	-	(12,320)	
At 30 September 2021	-	-	7,938	16,811	167,648	8,861	201,258	
Carrying amount								
At 30 September 2021	411,358	-	225,713	3,979	62,140	8,049	711,239	
At 30 September 2020	411,358	78,460	228,430	4,972	74,129	8,241	805,590	

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Tangible fixed assets

(Continued)

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

	2021 £	2020 £
Motor vehicles	6,592	8,241

13 Investment property

2021
£

Fair value

At 1 October 2020 and 30 September 2021

60,000

14 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	15	9	9

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Linear Projects Manchester Limited	(1)	Ordinary	100.00

(1) 7 Maxim Office Park, Parklands Avenue, Eurocentral, Motherwell, ML1 4WQ.

16 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,320,277	2,233,627
Gross amounts owed by contract customers	6,482,528	6,807,093
Corporation tax recoverable	236,207	-
Amounts owed by group undertakings	2,936,700	2,415,851
Other debtors	176,150	37,054
Prepayments and accrued income	252,251	136,070
	12,404,113	11,629,695

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	19	26,401	26,401
Obligations under finance leases	20	-	864
Other borrowings	19	420,000	140,000
Payments received on account		803,089	675,476
Trade creditors		3,259,806	3,313,281
Amounts owed to group undertakings		590,008	-
Corporation tax		-	337,100
Other taxation and social security		325,278	1,284,191
Other creditors		1,903,906	1,299,334
Accruals and deferred income		2,295,835	2,535,703
		<u>9,624,323</u>	<u>9,612,350</u>

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	179,977	199,746
Other borrowings	19	1,540,000	1,960,000
		<u>1,719,977</u>	<u>2,159,746</u>

19 Loans and overdrafts

	2021 £	2020 £
Bank loans	206,378	226,147
Other loans	1,960,000	2,100,000
	<u>2,166,378</u>	<u>2,326,147</u>
Payable within one year	446,401	166,401
Payable after one year	1,719,977	2,159,746
	<u>2,166,378</u>	<u>2,326,147</u>

The Royal Bank of Scotland plc hold standard security including a bond and floating charge over the whole property and undertaking with respect to all sums due and that may become due.

The bank loans are repayable in monthly instalments with the final repayments due in June 2020, March 2027 and February 2029. The interest rate on the loans is LIBOR + 1.8%.

The other loan relates to the Government backed Coronavirus Business Interruption Loan Scheme. The loan is over a 5 year term and is due to be repaid in May 2026.

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

20 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	864
	<u> </u>	<u> </u>

21 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	65,867	52,510
	<u> </u>	<u> </u>
Movements in the year:		2021
		£
Liability at 1 October 2020		52,510
Charge to profit or loss		13,357
		<u> </u>
Liability at 30 September 2021		65,867
		<u> </u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	28,960	21,697
	<u> </u>	<u> </u>

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

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

23 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of 1p each	1,800	1,800	-	-
Ordinary A shares of 1p each	1,240	1,240	12	12
Ordinary B shares of 1p each	800	800	8	8
Ordinary C shares of 1p each	120	120	1	1
Ordinary D shares of 1p each	120	120	1	1
Ordinary E Shares of 1p each	120	120	1	1
Ordinary F Shares of 1p each	120	120	-	-
	<u>4,320</u>	<u>4,320</u>	<u>23</u>	<u>23</u>

24 Operating lease commitments

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

	2021	2020
	£	£
Within one year	22,858	20,596
Between two and five years	60,854	14,730
In over five years	102,288	114,237
	<u>186,000</u>	<u>149,563</u>

25 Related party transactions

Remuneration of key management personnel

Key management personnel are considered to be the directors of the company. Remuneration in respect of the directors can be seen in note 7 to these financial statements.

Transactions with related parties

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due from related parties		
Other related parties	25,350	-
	<u>25,350</u>	<u>-</u>

Amounts due from other related parties are from an entity in which the immediate controlling party has an interest.

LINEAR PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

25 Related party transactions (Continued)

Other information

At 30 September 2021 the company was owed £44,307 (2020: £Nil) by family members of the directors.

26 Directors' transactions

Dividends totalling £Nil (2020 - £294,642) were paid in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
S Paterson -	-	-	75,000	75,000
		-	75,000	75,000

27 Ultimate controlling party

The ultimate parent company is Linear UK Group Limited, a company registered in Scotland.

In the opinion of the directors the ultimate controlling party is Mr and Mrs S Holmes, by virtue of their shareholding in Linear UK Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.