

Registered number: 02194413

LINE COMMUNICATIONS GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

WEDNESDAY



L4H1A961

L23

30/09/2015

#198

COMPANIES HOUSE

LINE COMMUNICATIONS GROUP LIMITED

COMPANY INFORMATION

Directors

P Lea
J Satchell (Appointed: 11 April 2014)
G Ash (Resigned: 11 April 2014)
K Downes (Resigned: 11 April 2014)
A Joly (Resigned: 11 April 2014)

Registered number

02194413

Registered office

52 Old Steine
Brighton
East Sussex
BN1 1NH

Independent auditors

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

LINE COMMUNICATIONS GROUP LIMITED

CONTENTS

	Page
Directors' Report	4 - 5
Independent Auditors' Report	6 - 7
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10 - 24

**LINE COMMUNICATIONS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company during the period was the delivery of technology enabled e-learning solutions. On 1 July 2014, the company's business activities were hived up to Leo Learning Limited following completion of the acquisition of the company's entire issued share capital by Learning Technologies Group plc in April 2014.

Results and dividends

The loss for the year, after taxation, amounted to £167,662 (2013: profit £577,692). During the year an interim dividend of £1,069,000 (2013: £90,000) was paid. The directors do not recommend a final dividend.

Directors

The directors who served during the year were:

P Lea

D K Downes (resigned 11 April 2014)

A Joly (resigned 11 April 2014)

S G Ash (resigned 11 April 2014)

J D Satchell was appointed as a director on 11 April 2014.

Developments during the year

On 7 April 2014 the entire issued share capital of the company's parent, Line Communications Holdings Limited ('Line'), was acquired by Learning Technologies Group Plc ("LTG"). LINE has since merged its business with Leo Learning Limited, LTG's principal operating company, to form the UK market leader in the e-learning custom content market, and together has the requisite size, scope and reach to deliver complex, global learning solutions. The senior management team has remained with the business which has UK offices in London, Brighton and Sheffield; international offices in New York and Rio de Janeiro and an overseas presence in Zurich. The expanded business provides an attractive platform for growth through international expansion and acquisition.

On 1 July 2014 the trade, assets and liabilities of Line Communications Group Limited were transferred to Leo Learning Limited a subsidiary of Learning Technologies Group Plc. Therefore the profit and loss accounts presents the trade of the company until the transfer date. It is expected that this company will be dormant in future accounting periods.

Independent Auditors

During the year, Sopher & Co LLP resigned as auditors and Crowe Clarke Whitehill LLP were appointed in their place. In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Crowe Clark Whitehill LLP be re-appointed will be proposed at the Annual General Meeting.

**LINE COMMUNICATIONS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgments 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.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the board on 28 September 2015 and signed on its behalf.



**P Lea
Director**

LINE COMMUNICATIONS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LINE COMMUNICATIONS GROUP LIMITED

We have audited the financial statements of LINE Communications Group Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes numbered 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report and any other surrounding information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LINE COMMUNICATIONS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LINE COMMUNICATIONS GROUP LIMITED

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Leo Malkin

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

28 September 2015

LINE COMMUNICATIONS GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
TURNOVER	1,2	4,490,402	8,336,753
Operating expenses		(4,649,633)	(7,847,007)
Other operating income	3	<u>12,056</u>	<u>56,227</u>
OPERATING (LOSS)/PROFIT	4	(147,175)	545,973
Interest receivable and similar income	8	3,563	9,217
Interest payable and similar charges	9	<u>(24,050)</u>	<u>(39,769)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(167,662)	515,421
Tax on (loss)/profit on ordinary activities	10	<u>-</u>	<u>62,271</u>
(LOSS)/PROFIT/ FOR THE FINANCIAL YEAR	18	<u><u>(167,662)</u></u>	<u><u>577,692</u></u>

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The loss for the financial year relates to discontinued operations.

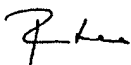
The notes on pages 10 to 24 form part of these financial statements.

LINE COMMUNICATIONS GROUP LIMITED
REGISTERED NUMBER: 02194413

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	11		-		112,212
Investments	12		-		21,853
			<u>-</u>		<u>134,065</u>
CURRENT ASSETS					
Debtors	13	398,490		2,198,561	
Cash at bank and in hand		-		1,642,488	
		<u>398,490</u>		<u>3,841,049</u>	
CREDITORS: amounts falling due within one year	14	-		(1,917,686)	
			<u>398,490</u>		<u>1,923,363</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
					<u>2,057,428</u>
CREDITORS: amounts falling due after more than one year	15		-		(422,276)
			<u>398,490</u>		<u>1,635,152</u>
NET ASSETS					
CAPITAL AND RESERVES					
Called up share capital	17		10,000		10,000
Capital redemption reserve	18		33		33
Share option reserve	18		-		42,348
Profit and loss account	18		388,457		1,582,771
			<u>398,490</u>		<u>1,635,152</u>
SHAREHOLDERS' FUNDS					
	19		<u>398,490</u>		<u>1,635,152</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P Lea
Director

28 September 2015

The notes on pages 10 to 24 form part of these financial statements.

LINE COMMUNICATIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

On 1 July 2014 the trade, assets and liabilities of Line Communications Group Limited were transferred to Leo Learning Limited a subsidiary of Learning Technologies Group Plc. Therefore the profit and loss accounts presents the trade of the company until the transfer date. It is expected that this company will be dormant in future accounting periods.

1.2 Going concern

On 1 July 2014, the company's business activities, being the trade, assets and liabilities were hived up to Leo Learning Limited following completion of the acquisition of the company's entire issued share capital by Learning Technologies Group plc in April 2014. From 1 July 2014 the company did not have trading revenue or expenses but the Directors are considering alternatives for the company. At 31 December 2014 the company had net assets of £398,490 and therefore the financial statements have been prepared on the going concern basis.

1.3 Cash flow

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax.

Revenue is recognised as contract activity progresses to reflect the value of work carried out during the year. Amounts received in advance are carried forward until recognised as turnover.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short-term Leasehold Property	- over the period of the lease
Fixtures, fittings and equipment	- 20 - 50% straight line

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

LINE COMMUNICATIONS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period to the date at which a break clause can be exercised.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.11 Research and development

Research and development expenditure is written off in the year in which it is incurred.

LINE COMMUNICATIONS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.12 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

LINE COMMUNICATIONS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

2. TURNOVER

A geographical analysis of turnover is as follows:

	2014	2013
	£	£
United Kingdom	4,316,459	7,365,685
Rest of European Union	173,943	545,741
Rest of world	-	425,327
	<u>4,490,402</u>	<u>8,336,753</u>

3. OTHER OPERATING INCOME

	2014	2013
	£	£
Net rents receivable	<u>12,056</u>	<u>56,227</u>

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging;

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	39,678	48,651
- held under finance leases	-	28,036
Auditors' remuneration	6,354	15,384
Operating lease rentals:		
- other operating leases	95,229	190,458
Difference on foreign exchange	8,959	4,222
Research and development expenditure written off	100,159	261,558
	<u> </u>	<u> </u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£	£
Wages and salaries	1,932,731	3,351,047
Social security costs	238,867	365,022
Other pension costs	173,336	23,732
	<u> </u>	<u> </u>
	<u>2,344,934</u>	<u>3,739,801</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014	2013
	No.	No.
Production	34	61
Administration	10	18
	<u> </u>	<u> </u>
	<u>44</u>	<u>79</u>

**LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

6. DIRECTORS' REMUNERATION

	2014	2013
	£	£
Remuneration	105,475	299,290
	<u> </u>	<u> </u>
Company pension contributions to defined contribution pension schemes	7,148	16,961
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2013:4) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,548 (2013: £2,254).

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. SHARE BASED PAYMENTS

On 7 April 2014 the entire issued share capital of the company's parent, Line Communications Holdings Limited, was acquired by Learning Technologies Group Plc ("LTG"). All options were exercised on the 7 April 2014, as part of this acquisition.

8. INTEREST RECEIVABLE

	2014	2013
	£	£
Other interest receivable	3,563	9,217
	<u>3,563</u>	<u>9,217</u>

9. INTEREST PAYABLE

	2014	2013
	£	£
On bank loans and overdrafts	24,050	36,454
On finance leases and hire purchase contracts	-	3,315
	<u>24,050</u>	<u>39,769</u>

LINE COMMUNICATIONS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. TAXATION

	2014	2013
	£	£
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/loss for the year	-	1,820
Adjustments in respect of prior periods	-	(16,177)
	<u>-</u>	<u>(14,357)</u>
Total current tax	<u>-</u>	<u>(14,357)</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	-	(47,914)
	<u>-</u>	<u>(47,914)</u>
Tax on profit/loss on ordinary activities	<u>-</u>	<u>(62,271)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013: lower than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014	2013
	£	£
Profit/loss on ordinary activities before tax	(167,662)	515,421
	<u>(167,662)</u>	<u>515,421</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2012: 23.25%)	(36,047)	119,835
Effects of:		
Income / Expenses not deductible for tax purposes	-	5,637
Depreciation for the year in excess of capital allowances	-	2,217
Adjustments to tax charge in respect of prior periods	-	(16,177)
Other timing differences leading to a decrease in taxation	-	(296)
Research and development tax credit	-	(72,317)
Grant of share options not deductible for tax purposes	-	2,170
Unrelieved tax losses carried forward / (brought forward)	36,047	(55,426)
	<u>36,047</u>	<u>(55,426)</u>
Current tax charge/ (credit) for the year (see note above)	<u>-</u>	<u>(14,357)</u>

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2014	22,577	409,161	431,738
Additions	-	24,572	24,572
Transferred to group company	(22,577)	(433,310)	(456,310)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	-	-	-
Depreciation			
At 1 January 2014	15,483	304,043	319,526
Charge for the year	-	39,678	39,678
Transferred to group company	(15,483)	(343,721)	(359,204)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	-	-	-
Net book value			
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>7,094</u>	<u>105,118</u>	<u>112,212</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 £	2013 £
Fixtures, fittings and equipment	<u>-</u>	<u>14,035</u>

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost	
At 1 January 2014	21,853
31 December 2014	-
Net book value	
At 31 December 2014	-
At 31 December 2013	21,853

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
LINE On-Line Limited	Ordinary	100 %
LINE Learning Limited	Ordinary	100 %

Name	Business	Registered office
LINE On-Line Limited	Dormant	England & Wales
LINE Learning Limited	Dormant	England & Wales

On 7 April 2014 the entire issued share capital of the company's parent, Line Communications Holdings Limited, was acquired by Learning Technologies Group Plc ("LTG"). Line Communications group Limited has since joined Leo Learning Limited, LTG's principal operating company. On 1 July 2014 the trade, asset and liabilities of this company including the investment of £21,853 in Line Communications AG were transferred to Leo Learning Limited.

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

13. DEBTORS

	2014	2013
	£	£
Trade debtors	-	1,167,427
Amounts owed by group undertakings	398,490	123,866
Corporation tax repayable	-	96,183
Other debtors	-	2,790
Prepayments and accrued income	-	738,596
Deferred tax asset (see note 16)	-	69,669
	<u>398,490</u>	<u>2,198,561</u>

14. CREDITORS:

Amounts falling due within one year

	2014	2013
	£	£
Bank loans (Note 15)	-	60,000
Net obligations under finance leases and hire purchase contracts	-	23,132
Trade creditors	-	173,129
Amounts owed to group undertakings	-	1,000
Corporation tax	-	1,820
Other taxation and social security	-	293,588
Other creditors	-	81,028
Accruals and deferred income	-	1,283,989
	<u>-</u>	<u>1,917,686</u>

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15. CREDITORS:

Amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	-	420,000
Net obligations under finance leases and hire purchase contracts	-	2,276
	<u>-</u>	<u>422,276</u>
	<u>-</u>	<u>422,276</u>

Included within the above are amounts falling due as follows:

	2014	2013
	£	£
Between one and two years		
Bank loans	-	60,000
	<u>-</u>	<u>60,000</u>
Between two and five years		
Bank loans	-	180,000
	<u>-</u>	<u>180,000</u>
Over five years		
Bank loans	-	180,000
	<u>-</u>	<u>180,000</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014	2013
	£	£
Repayable by instalments	-	180,000
	<u>-</u>	<u>180,000</u>

The bank loan bears interest at 4.5% over LIBOR and is repayable by quarterly instalments of £15,000. The company's bank loan facility is secured by a debenture over the assets of the company. The bank loan was repaid in full before the 7 April 2014 when the entire issued share capital of the company's parent, Line Communications Holdings Limited, was acquired by Learning Technologies Group Plc ("LTG").

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2014	2013
	£	£
Between one and two years		
Finance leases and hire purchase contracts	-	2,276
	<u>-</u>	<u>2,276</u>

The amounts due under finance leases and hire purchase contracts are secured against the assets concerned.

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

16. DEFERRED TAX ASSET

	2014	2013
	£	£
At beginning of year	69,699	21,785
Transferred to group company	(69,999)	-
Released during the year		47,914
	<u> </u>	<u> </u>
At end of year	<u> - </u>	<u> 69,699 </u>

The deferred tax asset is made up as follows:

	2014	2013
	£	£
Accelerated capital allowances	-	(10,074)
Tax losses carried forward	-	79,773
	<u> </u>	<u> </u>
	<u> - </u>	<u> 69,699 </u>

17. SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u> 10,000 </u>	<u> 10,000 </u>

18. RESERVES

	Capital redemption reserve	Share option reserve	Profit and loss
	£	£	£
At 1 January 2014	33	42,348	1,582,771
Loss for the financial year	-	-	(167,662)
Dividends: Equity capital	-	-	(1,069,000)
Exercise of share options	-	(42,348)	42,348
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	<u> 33 </u>	<u> - </u>	<u> 388,457 </u>

LINE COMMUNICATIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Opening shareholders' funds	1,635,152	1,138,125
Profit/(loss) for the financial year	(167,662)	577,692
Dividends (Note 20)	(1,069,000)	(90,000)
Share option charge	-	9,335
	<u>398,490</u>	<u>1,635,152</u>
Closing shareholders' funds	<u>398,490</u>	<u>1,635,152</u>

20. DIVIDENDS

	2014	2013
	£	£
Dividends paid	<u>1,069,000</u>	<u>90,000</u>

21. PENSION COMMITMENTS

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £173,336 (2013: £23,732). Contributions totalling £nil (2013: £2,280) were payable to the fund at the balance sheet date and are included in creditors.

22. OPERATING LEASE COMMITMENTS

The company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Expiry date:		
Within one year	<u>-</u>	<u>105,900</u>

23. DIRECTORS' PERSONAL GUARANTEES

In 2013 P Lea, a director of the company, has provided a personal guarantee of £150,000 in respect of the bank loan. In 2014, after the acquisition of Line Communications Holdings Limited, by Learning Technologies Group Plc ("LTG"), this guarantee was terminated and is no longer relevant.

LINE COMMUNICATIONS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

24. RELATED PARTY TRANSACTIONS

The company forms part of a wholly-owned group for which consolidated financial statements are publicly available and accordingly has taken advantage of the exemption allowed under Financial Reporting Standard 8: Related Party Disclosures not to disclose transactions with other group entities.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Until 7 April 2014, the company was a wholly owned subsidiary of Line Communications Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. P Lea, a director of the company, was the ultimate controlling party until 7 April 2014 when the entire share capital of Line Communications Holdings Limited was acquired by Learning Technologies Group plc, a company incorporated in Great Britain and registered in England and Wales, which the directors now regard as the ultimate parent undertaking. Copies of the consolidated financial statements of Learning Technologies Group plc are available from the Registrar of Companies.