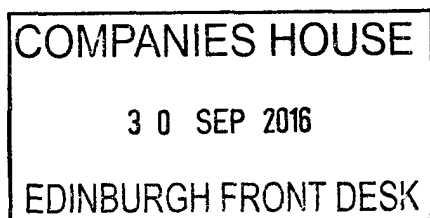


REGISTERED NUMBER: SC222407 (Scotland)

Audited Financial Statements
for the Year Ended 31 December 2015
for
Lingo24 Limited



Lingo24 Limited (Registered number: SC222407)

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for the Year Ended 31 December 2015**

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Lingo24 Limited

**Company Information
for the Year Ended 31 December 2015**

DIRECTOR: Mr C N Arno

SECRETARY: Mr C N Arno

REGISTERED OFFICE: 18 Torphichen Street
Edinburgh
Midlothian

REGISTERED NUMBER: SC222407 (Scotland)

AUDITORS: Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Balance Sheet
31 December 2015

	Notes	31.12.15 £	31.12.14 £
FIXED ASSETS			
Intangible assets	3	1,513,109	1,165,691
Tangible assets	4	15,302	5,862
		<u>1,528,411</u>	<u>1,171,553</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	1,824,831	2,148,056
Investments	6	241	241
Cash at bank and in hand		882,042	1,622,219
		<u>2,707,114</u>	<u>3,770,516</u>
CREDITORS			
Amounts falling due within one year	7	2,167,338	2,041,622
NET CURRENT ASSETS		<u>539,776</u>	<u>1,728,894</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,068,187</u>	<u>2,900,447</u>
CREDITORS			
Amounts falling due after more than one year	8	511,588	135,061
NET ASSETS		<u><u>1,556,599</u></u>	<u><u>2,765,386</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	99,060	99,060
Other reserves		2,815,000	2,715,000
Retained earnings		(1,357,461)	(48,674)
SHAREHOLDERS' FUNDS		<u><u>1,556,599</u></u>	<u><u>2,765,386</u></u>

The notes form part of these financial statements

Lingo24 Limited (Registered number: SC222407)

Balance Sheet - continued
31 December 2015

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director on 27/9/16 and were signed by:


Mr C N Arno - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2015**

1. STATUTORY INFORMATION

Lingo24 Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This the first year the financial statements have been prepared under FRS 102. The company transitioned from UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 17.

Going concern

In light of the reported trading position the directors have considered the cashflow position of the company for the next twelve months and are of the opinion they have sufficient bank funding in place and are satisfied that the principal equity funders will continue to support the company for the foreseeable future.

Profit and loss and cash flow projections are in place for the next two years, and when sensitised downwards show sufficient cash headroom for the next 12 months. Should trading or cash flow not meet required levels, the equity shareholders have committed to continue to fund the company for the next 12 months.

Taking the above into consideration, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant judgements and estimates

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors are of the opinion there are no matters of significant judgement and estimation which are material to the financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

2. ACCOUNTING POLICIES - continued

Fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery etc - 33% on cost

All fixed assets are initially recorded at cost.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

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.

Research and development

Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is capitalised as an intangible asset and carried forward. Amortisation is not charged in the year of acquisition and is charged from the following year over the lesser of the life of the project or five years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Information Systems - 20% straight line

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs

The company contributes to the individual personal pension arrangements of their employees. These contributions are charged to the profit and loss account.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are classified in accordance with their underlying economic reality. The Company has two main categories of financial instruments, which are loans and other receivables and other financial liabilities.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Upon recognition, these assets are measured at fair value less directly related transaction expenses. In successive periods these are measured at amortised cost, and any differences between acquisition cost and redemption value is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value less any allowance for credit losses.

Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In successive periods these are measured at amortised cost. Any differences between acquisition cost and redemption value is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value.

Impairment of financial instruments

A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

Government grants

Grants in respect of revenue expenditure are credited to the profit and loss account when received. Grants in respect of capital expenditure are credited to the profit and loss account over the lifetime of the asset.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

3. INTANGIBLE FIXED ASSETS

	Information systems £
COST	
At 1 January 2015	1,281,421
Additions	603,702
	<u>1,885,123</u>
At 31 December 2015	
AMORTISATION	
At 1 January 2015	115,730
Amortisation for year	256,284
	<u>372,014</u>
At 31 December 2015	
NET BOOK VALUE	
At 31 December 2015	<u>1,513,109</u>
At 31 December 2014	<u>1,165,691</u>

4. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 January 2015	31,108
Additions	13,433
	<u>44,541</u>
At 31 December 2015	
DEPRECIATION	
At 1 January 2015	25,246
Charge for year	3,993
	<u>29,239</u>
At 31 December 2015	
NET BOOK VALUE	
At 31 December 2015	<u>15,302</u>
At 31 December 2014	<u>5,862</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

5. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.15	31.12.14
	£	£
Trade debtors	887,008	1,258,569
Amounts owed by group undertakings	552,913	546,641
Other debtors	157,250	105,607
Tax	-	3,961
Deferred tax asset	227,660	233,278
	<u>1,824,831</u>	<u>2,148,056</u>

The company has a recognised deferred tax asset of £227,660 which has arisen from unutilised tax losses of £2,786,106. These losses will be used against future profits within the company.

6. **CURRENT ASSET INVESTMENTS**

	31.12.15	31.12.14
	£	£
Other investments	<u>241</u>	<u>241</u>

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.15	31.12.14
	£	£
Bank loans and overdrafts (see note 9)	223,464	245,646
Trade creditors	739,255	711,890
Social security and other taxes	60,955	34,070
VAT	87,951	144,697
Other creditors	1,055,713	905,319
	<u>2,167,338</u>	<u>2,041,622</u>

Included within other creditors due within one year is a shareholder loan of £123,473 of which £112,344 was converted into share capital post year end.

8. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.15	31.12.14
	£	£
Other creditors	<u>511,588</u>	<u>135,061</u>

Included within other creditors due after one year is a shareholder loans of £511,588 of which £328,147 was converted into share capital post year end.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

9. LOANS

An analysis of the maturity of loans is given below:

	31.12.15	31.12.14
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>223,464</u>	<u>245,646</u>

Included in loans and overdraft is £223,464 (2014 - £245,646) relating to the invoice discounting facility.

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.15	31.12.14
	£	£
Within one year	39,500	-
Between one and five years	<u>52,667</u>	<u>-</u>
	<u>92,167</u>	<u>-</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.15	31.12.14
			£	£
9,906,000	Ordinary shares	0.01	<u>99,060</u>	<u>99,060</u>

12. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Fraser Campbell (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

13. RELATED PARTY DISCLOSURES

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

During the year a loan was received from a shareholder of Lingo24 Holdings Limited to the value of £500,000. At the year end, loans due to shareholders include a loan of £135,061 (2014: £138,400) due to Jack Waley-Cohen of which £123,473 (2014: £3,339) is due within one year and £11,588 (2014: £135,061) is due after one year, and a loan of £500,000 (2014: £nil) due to Paul Gregory of which £nil (2014: £nil) is due within one year and £500,000 (2014: £nil) is due after one year. Post year end £112,344 and £328,147 of these loans respectively have been converted into share capital.

During the year, directors remuneration of £97,351 (2014: £87,000) and pension contributions of £34,000 (2014: £18,750) were paid to C N Arno.

14. ULTIMATE CONTROLLING PARTY

The controlling party is Lingo24 Holdings Limited.

The ultimate controlling party is Mr C N Arno.

15. FIRST YEAR ADOPTION

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first year the Company has prepared in accordance with FRS 102. The significant accounting policies in meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company started from an opening balance sheet at the Company's date of transition to FRS 102, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 102. There has been no material impact to the Company's financial position, results or cash flows as a result of restating its financial statements.