Learning Technologies Group Plc (formerly known as In-Deed Online Plc)

Company financial information for the period ended 31 May 2014

Company balance sheet
Registered number: 07176993
As at 31 May 2014

	Note	31 May 2014 £'000	31 Dec 2013 £'000
ASSETS			
FIXED ASSETS			
Investment in subsidiaries	3	18,438	3,901
		18,438	3,901
CURRENT ASSETS			
Debtors	5	1,937	6
Cash and bank balances		226	59
		2,163	65
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade and other creditors	8	2,331	94
Amount owing to subsidiary undertaking		841	1,573
		3,172	1,667
Net current (liabilities)/assets		(1,009)	(1,602)
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR			
Other long term liabilities	9	1,405	-
NET ASSETS		**16,024**	**2,299**
CAPITAL AND RESERVES			
Share capital	6	1,327	1,034
Share premium account		13,089	1,159
Share based payments reserve		823	547
Retained profits/(accumulated losses)		785	(441)
SHAREHOLDERS' FUNDS		**16,024**	**2,299**

These financial statements authorised for issue by the board of directors on 24 September 2014 and were signed on its behalf.

Jonathan Satchell
Chief Executive Officer

Company reconciliation of shareholders' funds
For the period ended 31 May 2014

	Note	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained profits £'000	Total shareholders' funds £'000
Balance at 1 April 2013		**77**	**1,218**	**-**	**35**	**1,330**
Loss for the period		-	-	-	(601)	(601)
Issue of shares	6	957	23	-	-	980
Costs of issuing shares		-	(82)	-	-	(82)
Share based payment charge credited to equity		-	-	672	-	672
Transfer on exercise and lapse of warrants		-	-	(125)	125	-
Balance at 31 December 2013		**1,034**	**1,159**	**547**	**(441)**	**2,299**
Loss for the period		-	-	-	(382)	(382)
Issue of shares	6	293	12,202	-	-	12,495
Costs of issuing shares		-	(272)	-	-	(272)
Dividend received		-	-	-	1,600	1,600
Share based payment charge credited to equity		-	-	284	-	284
Transfer on exercise and lapse of warrants		-	-	(8)	8	-
Balance at 31 May 2014		**1,327**	**13,089**	**823**	**785**	**16,024**

Statement of total recognised gains and losses

A statement of total recognised gains and losses is not included in these financial statements as there are no recognised gains or losses in either the current financial year or previous financial period other than the results reported above.

There is no difference between the profit as disclosed in the profit and loss account and the profit on a historical cost basis.

Notes to the Company financial information for the period ended 31 May 2014

1. Summary of significant accounting policies

(a) Basis of preparation

The Company's financial statements have been prepared in accordance with applicable law and accounting standards in the United Kingdom and under the historical cost accounting rules (Generally Accepted Accounting Practice in the United Kingdom).

The directors have assessed the Company's ability to continue in operational existence for the foreseeable future in accordance with the FRC Going Concern and Liquidity Risk guidance (October 2009). It is considered appropriate to continue to prepare the financial statements on a going concern basis.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a Profit and Loss account in these separate financial statements. The loss attributable to members of the Company for the period ended 31 May 2014 is £382,000 (period ended 31 December 2013: loss of £601,000).

(b) Revenue recognition

Revenue is stated net of Value Added Tax and net of any applicable discounts or rebates. Revenue is recognised for the rendering of services when all the following conditions are satisfies:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Company

(c) Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

(d) Fixed asset investments

Fixed asset investments in group undertakings are carried at cost less any provision for impairment.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer equipment	25%
Fixtures and fittings	25%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Notes to the Company financial information *(continued)*

(f) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Income taxes

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, with discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(i) Pensions

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate.

(j) Leases

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

(k) Related parties

A party is related to the Company if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company;

(ii) the party is an associate of the Company;
(iii) the party is a joint venture in which the Company is a venturer;
(iv) the party is a member of the key management personnel of the Company or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Company.

(l) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28 to the consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

2. Investment in subsidiaries

	31 May 2014 £'000	31 Dec 2013 £'000
Cost		
Brought forward	3,901	1,525
Additions	14,537	3,901
Disposals	-	(1,525)
Carried forward		3,901
Amortisation/impairment:		
Brought forward	-	1,525
Provision for impairment	-	-
Disposals	-	(1,525)
Carried forward	-	-
Net Book Value	18,438	3,901

On 7 April 2014, the Company acquired 100% of the issued share capital of LINE Communications Holdings Limited (LINE) in exchange for an initial consideration of £9,000,000 of which £5,130,000 was cash and £3,870,000 was in newly issued Learning Technologies Group plc (LTG) shares. LINE are a company engaged in the design of fully blended e-learning solutions incorporated in England and Wales.

The investment was made in order to enable LTG to combine LINE with its existing company Epic to form the UK market leader in the e-learning custom content market.

Notes to the Company financial information *(continued)*

On 12 May 2014, the Company acquired 100% of the issued share capital of Preloaded Limited in exchange for an initial consideration of £2,200,000 comprising £1,590,625 cash; of which £1,200,000 was paid immediately with the remaining £390,625 to be paid within 12 months, and £609,375 in newly issued LTG shares. A contingent consideration of £3,400,000 was also due with 50% dependent on revenue in 2014 and 50% dependent on revenue in 2015. These considerations have been discounted using a discount factor of 10% and are held as liabilities on the balance sheet.

Preloaded are a company engaged in the design of educational computer games incorporated in England and Wales.

Other additions were due to share based payment charges.

3. Trade and other debtors

	31 May 2014 £'000	31 Dec 2013 £'000
Other debtors	85	6
Prepayments and accrued income	32	-
Amounts owed by other group entities	1,820	-
	1,937	6

The amounts owing by related parties are unsecured, interest-free and repayable on demand.

4. Share capital

The Ordinary shares of the Company carry one vote per share and an equal right to any dividends declared.

5. Reserves

The share-based payment reserve arises from the requirement to value share options in existence at the year end at fair value.

The share premium account represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value and is non-distributable.

6. Trade and other creditors

	31 May 2014 £'000	31 Dec 2013 £'000
Trade creditors	132	8
Other creditors and accruals	2,199	86
	2,331	94

Notes to the Company financial information *(continued)*

7. Non current liabilities

Non current liabilities are owed as part of the consideration to acquire Preloaded Limited (see note 3).

ENVELOPE