

**INTERNATIONAL TRAINING SERVICE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**



Horwath Clark Whitehill

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INTERNATIONAL TRAINING SERVICE LIMITED
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and the financial statements for the year ended 31 March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors are aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information (S.234ZA(2)).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

ITS is a niche consultancy specialising in the development of people and organisations. We have teams based in Edinburgh, London, Belfast, Leeds and Birmingham and work with clients in the UK and worldwide. In recent years our work has focused on the development issues arising from major change in markets, supply chain, culture or the need to form long term partnerships. ITS works with clients to build commitment to change and to develop the organisational capability needed to meet with business challenges of the future.

RESULTS FOR THE YEAR

The surplus for the year was £17,742 (2005: £85,984) which after payment of bonuses, tax and dividends left a transfer to reserves of £960 (2005: £69,158 - restated).

INTERNATIONAL TRAINING SERVICE LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2006

DIRECTORS

The directors during the year were as follows:-

Mr. J Hillier (Chairman)
Ms. P M Kenrick (Managing Director)
Mr. A P Conway (resigned 4 April 2006)
Mr. A Harley
Mr. D M Harvey OBE
Mr. A J W Young (resigned 22 July 2005)
Mr. L Coupland
Ms. N H Greaves (appointed 11 October 2005)
Mr. D L Powell (appointed 11 October 2005)

The directors interests in the parent company, ITS Consultants Limited, are shown in the accounts of that company.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of Horwath Clark Whitehill LLP as auditors to the company will be put to the Annual General Meeting.

By Order of the Board

Secretary



The Beeches
37 Parkfield Road
Coleshill
Warwickshire
B46 3LD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL TRAINING SERVICE LIMITED

We have audited the financial statements of International Training Service Limited for the year ended 31 March 2006 which comprises the Profit and Loss account, Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluate the overall adequacy of the presentation of information in the financial statements.

UNQUALIFIED OPINION

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- The financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information in the directors' report is consistent with the financial statements.


Horwath Clark Whitehill LLP
Chartered Accountants and
Registered Auditors
St. Bride's House
10 Salisbury Square
London EC4Y 8EH

Date: 1 August 2006

INTERNATIONAL TRAINING SERVICE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006

	Notes	£	2006 £	Restated 2005 £
TURNOVER	2	2,451,515		2,723,990
Staff costs		1,565,363		1,611,798
Client direct costs		288,904		347,449
Depreciation		21,853		34,066
Other operating charges		534,420		554,288
Cost of associate consultants		24,350		83,217
			2,434,890	2,630,818
OPERATING PROFIT	4		16,625	93,172
Bank deposit interest			2,243	410
Interest payable and similar charges			(1,126)	(7,598)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX			17,742	85,984
TAXATION	5		(4,982)	(16,826)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX			12,760	69,158
Dividends	6,14		(11,800)	-
Profit retained for the year			960	69,158
Reserves as at 1 April 2005			614,968	545,810
Balance carried forward 31 March 2005			615,928	614,968

The profit and loss account contains all recognised gains and losses in the current and preceding years. All amounts relate to continuing operations.

The notes on pages 6 to 10 form part of these financial statements.

INTERNATIONAL TRAINING SERVICE LIMITED
BALANCE SHEET
31 MARCH 2006

	Notes	£	2006 £	Restated 2005 £
FIXED ASSETS				
Tangible assets	7		8,033	27,753
CURRENT ASSETS				
Trade debtors		743,126		524,327
Accrued income	8	70,243		74,354
Prepayments		48,557		42,667
Amounts due from ITS Employees' Share Ownership Trust		7,000		1,900
Cash at bank and in hand		66,130		281,345
		<u>935,056</u>		<u>924,593</u>
CREDITORS: Amounts falling due within one year				
Trade creditors		107,874		71,627
Corporation tax		4,995		17,055
Other taxes and social security costs		89,644		76,241
Deferred income	8	32,172		27,715
Accruals		60,956		120,246
Obligations under finance leases	9	-		14,256
Other creditors		31,520		10,238
		<u>327,161</u>		<u>337,378</u>
NET CURRENT ASSETS			<u>607,895</u>	<u>587,215</u>
CREDITORS: amounts falling due within more Than one year	9		-	-
NET ASSETS			<u>615,928</u>	<u>614,968</u>
CAPITAL AND RESERVES				
Revenue account	12		<u>615,928</u>	<u>614,968</u>

Approved by the Board on
and signed on their behalf by

 Director

1st August 2006

The notes on pages 6 to 10 form part of these financial statements.

INTERNATIONAL TRAINING SERVICE LIMITED
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

b) Fixed Assets

Additions to fixed assets of items over £1,000 are capitalised and depreciated at the following annual rates or, where purchased under a lease purchase agreement, over the period of the agreement.

Computer hardware	3 years
Computer software	5 years
Office equipment	3 years

c) Consultancy Fees and Work in Progress

Credit is taken in the financial statements for all services carried out at the accounting date and provision is made for all known costs. Work in progress is valued at current fee rate less provision for known losses. Receipts from programmes are included with consultancy fees.

d) Deferred Taxation

In accordance with FRS 19 full provision is made, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted at the balance sheet date in respect of material timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

e) Finance Leases and Operating Leases

Assets acquired under finance leases are capitalised on the balance sheet at their fair value and depreciated over the lease term. The corresponding net obligations are shown under the appropriate heading in creditors. Interest is charged to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance of the obligation each year. Operating lease costs are charged to the profit and loss in the year they are incurred.

f) Foreign Currency

Transactions in foreign currency are translated at the rate prevailing on the day of transaction. The exchange gain or loss is charged as an other operating charge.

g) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents the contributions payable in the year.

INTERNATIONAL TRAINING SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

2. TURNOVER

Turnover represents the value of services rendered to customers, excluding value added tax. The analysis of turnover is as follows:

	2006 £	2005 £
Consultancy fees including associates:		
Overseas Work	172,899	338,280
UK Work	1,970,391	2,024,530
Client direct costs:		
Overseas work	41,297	73,032
UK work	247,607	274,418
Surplus on projects/programmes	19,320	13,730
	<u>2,451,515</u>	<u>2,723,990</u>

3. STAFF COSTS (INCLUDING DIRECTORS)

	2006 £	2005 £
Wages and salaries	1,234,081	1,248,520
Social security costs	149,945	156,113
Other pension costs	111,014	105,249
	<u>1,495,040</u>	<u>1,509,882</u>

The average weekly number of employees during the year was

	No.	No.
Consultants	26	24
Administration	10	11
	<u>36</u>	<u>35</u>

DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Emoluments (including benefits)	311,025	286,516
Pension contributions	36,699	28,894
	<u>347,724</u>	<u>315,410</u>

Highest paid director
Aggregate emoluments and other benefits
Pension scheme contributions

87,700	84,375
9,900	8,470
<u>97,600</u>	<u>92,845</u>

Number of directors:
Accruing benefits under defined contribution pension scheme

No	No
<u>7</u>	<u>5</u>

INTERNATIONAL TRAINING SERVICE LIMITED
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2006

	2006 £	2005 £
4. OPERATING SURPLUS		
<i>is stated after charging:</i>		
Depreciation - owned assets	21,853	8,321
- leased assets	-	25,745
Auditors' remuneration	13,000	13,000
Auditors' fees for non-audit work	5,000	5,000
Bank charges	4,573	5,902
Finance charges	1,126	7,598
Operating lease rentals – equipment	13,020	13,299
– land and buildings	95,186	100,936

	2006 £	2005 £
5. TAXATION		
a) Analysis of tax charge		
Corporation tax at 19% (2005: 19%)	4,982	16,826

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the small companies rate of Corporation Tax in the UK (19%). The difference are explained below:

	2006 £	2005 £
Profit before tax	17,742	85,984
Profit on ordinary activities multiplied by small companies rate of Corporation Tax in the UK of 19% (2005: 19%)	3,371	16,337
Effect of:		
Expenses not allowable for tax purposes	1,532	873
Effect of capital allowances in excess of depreciation/ Movement in deferred tax not provided	993	(155)
Over provision of tax charge in prior year	(13)	(229)
Starting rate relief	(901)	-
Current year tax charge	4,982	16,826

c) Factors affecting the future tax charges.

These are no material timing differences which will affect the future tax charges and therefore no provision for deferred tax has been made.

INTERNATIONAL TRAINING SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2006

6. DIVIDENDS

The dividend relates to a distribution made to ITS Consultants Ltd, the sole member of International Training Service Limited.

	Computer Equipment £	Office Equipment £	Total £
7. TANGIBLE FIXED ASSETS			
Cost as at 1 April 2005	219,038	15,830	234,868
Additions	2,133	-	2,133
As at 31 March 2006	221,171	15,830	237,001
Depreciation			
At 1 April 2004	193,021	14,094	207,115
Charge for the year	20,737	1,116	21,853
At 31 March 2006	213,758	15,210	228,968
Net book value			
At 31 March 2006	7,413	620	8,033
<i>Net book value</i>			
<i>At 31 March 2005</i>	26,017	1,736	27,753
	2006	2005	
	£	£	
Net book value of assets held under finance			
Leases	-	13,957	
Deprecation for the year of assets held under			
finance leases	-	25,745	

8. WORK IN PROGRESS

	2006 £	2005 £
Accrued income	70,243	74,354
Deferred income	(32,172)	(27,715)
	38,071	46,639

9. FINANCE LEASES

	2006 £	2005 £
Obligations under finance leases are payable as follows:		
Between one and two years	-	-
In one year or less	-	14,256
	-	14,256

INTERNATIONAL TRAINING SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2006

10. PENSION COSTS

The company had closed its defined benefit pension scheme as at 31 March 2000. The company has a defined contribution scheme.

The costs in note 3 relate to these contributions.

11. FINANCIAL COMMITMENTS	2006 £	2005 £
Rent of land and buildings leases expiring		
Within one year	42,350	53,200
Within one to two years	-	-
In the second to fifth years	21,612	21,612
After five years	19,815	19,815
Other operating leases expiring		
Within one year	3,680	4,679
Within one to two years	4,780	3,680
Within two to five years	4,679	-

12. RECONCILIATION OF MOVEMENT IN FUNDS	2006 £	<i>Restated</i> 2005 £
Surplus for the financial year	960	69,158
Opening funds	614,968	545,810
Closing funds	615,928	614,968

13. GUARANTOR COMPANY

The sole guarantor is ITS Consultants Limited, a company incorporated in England.

14. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to comply with Financial Reporting Standard 21. Dividends proposed in the 2005 accounts were not declared until 2006 and therefore they have been accounted for in 2006. There were no dividends declared in 2005 and therefore there are no dividends to account for in that year.