

## **Northern Skills Group Limited**

Annual report and financial statements

Registered number 02088545

Year ended 31 July 2017

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## **Directors' Report**

The directors present their annual report and the audited financial statements for year ended 31 July 2017.

On 1 August 2016 Northern Skills Group Limited (formerly known as North East Chamber of Commerce (Training) Limited) was acquired by Middlesbrough College who own 100% of the share capital. The company is a wholly owned subsidiary of Middlesbrough College and as such its trading results are including the College's group accounts.

## **Principal activities**

The principal activity of the company is the provision of apprenticeship training programmes funded by the Education & Skills Funding Agency.

## **Directors**

The directors who held office during the period were as follows:

JDA Ramsbotham	(resigned 1 August 2016)
DJ Langley	(resigned 1 August 2016)
CJ McCourt	(resigned 1 August 2016)
M Pavlou	
Z Lewis	(appointed 1 August 2016)
R Davies	(appointed 1 August 2016)

## **Company Secretary**

C Kipling (Company Secretary, appointed 1 August 2016)

## **Principal risks and uncertainties**

### *General economic conditions*

The activities of the Company have been consolidated into the existing operations of Middlesbrough College and as such has created a strong structure for the continued provision of apprenticeship training across the North East Region.

The recent introduction of the Apprenticeship Levy from 1 May 2017 brings an element of uncertainty around employer's response to the policy reforms and their appetite for contributing towards apprenticeship training programmes. This said, the company has seen a healthy level of recruitment in the latter months of the year as it transits into the new funding regime.

The College's overarching strategic plan and five year financial forecast shows commitment to these activities and continued investment with growth expected in terms of turnover.

The performance of the company is measured against a suite of key performance indicators which are reported to the Governors of the Corporation. For the year improvement has been seen in attendance, retention and overall achievement rates compared to the prior year which is a pleasing result. Timely and overall achievement rates continue to be above 2015 / 2016 national average rates, being timely 64.7% (national 58.7%) and overall 75.7% (national 67%). Revenue budgets continue to be met with some key areas of growth identified moving into 2017 / 2018.

The Directors are confident that the company will continue to grow in terms of income and key performance targets will continue to be met or exceeded.

## **Directors' Report** *(continued)*

### **Principal risks and uncertainties** *(continued)*

The acquisition by Middlesbrough College brings opportunities for strengthening the provision and service to both apprentices and employers. Through merging resources of the company with that of Middlesbrough College, it will be better positioned and will have a scale in the new market that will position the company as one of the lead providers in the North of England with the opportunity to compete for national contracts.

#### *Changes in funding for Apprenticeships*

Following the acquisition by Middlesbrough College, the company's apprenticeship funding forms part of a funding body grant, rather than a contract for services which historically the company has had to secure by competitive tender upon expiry. This gives the company an element of certainty over funding for the future and the process of flexing funds to fit strategic requirements has more clarity.

From May 2017, the implementation of the Apprenticeship Levy commenced which will require large employers to pay into a Levy system via HMRC. The funds will then be utilised to choose and contract with a training provider for the provision of apprenticeship training. The company continues to work closely with local employers to assist in the implementation of the system to continue to secure new business and has already won some major contracts with key employers.

#### *Risk Management*

The acquisition by Middlesbrough College gives both organisations mutual opportunity to extend their reach across the region while securing scale in the market place which will be increasingly important to apprenticeship levy paying organisations given the scale of their training requirements.

A collective review of systems, processes and structures was conducted during the year with full integration of business operations. In November 2016 the company relaunched itself under its new brand "Northern Skills Group" (NSG).

The company now reports to and is held accountable by the Board of Governors of Middlesbrough College as part of the College's governance arrangements.

#### *Gift Aid*

The company has made gift aid payments of £19,539 (2016: £Nil) during the year, in line with the memorandum of understanding between the company and its parent undertaking.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

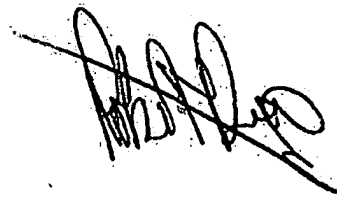
**Directors' Report** *(continued)*

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

By order of the board

A handwritten signature in black ink, appearing to read 'Robert A Davies', written over a horizontal line.

**Robert A Davies**  
*Director*

Dock Street  
Middlesbrough  
TS2 1AD

14 December 2017

## **Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements**

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)*, 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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN SKILLS GROUP LIMITED**

### **Opinion**

We have audited the financial statements of Northern Skills Group ("the company") for the year ended 31 July 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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, take advantage of the small companies exemption in preparing the directors' report

and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

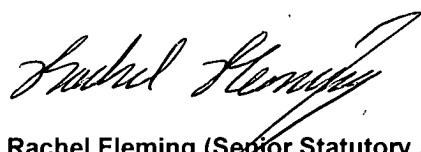
#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Rachel Fleming (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle-upon-Tyne  
NE1 3DX

19 December 2017



**Profit and Loss Account and Other Comprehensive Income**  
for the year ended 31 July 2017

		Year ended 31 July 2017	7 month period ended 31 July 2016
	Note	£	£
<b>Turnover</b>	2	4,004,334	1,552,050
Cost of Sales		(1,139,097)	(969,394)
<b>Gross profit</b>		2,865,237	582,656
Administrative expenses		(2,792,110)	(802,057)
<b>Operating profit / (loss)</b>		73,127	(219,401)
Other income	3	-	20,374
Other interest receivable and similar income	6	4	31
<b>Profit / (Loss) before taxation</b>		73,131	(198,996)
Tax on profit / (loss)	7	(1,034)	74,463
<b>Profit / (Loss) for the financial year/period</b>		72,097	(124,533)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income / (expense) for the year/period</b>		72,097	(124,533)

All activities of the company are continuing.

**Balance Sheet**  
at 31 July 2017

	Note	31 July 2017	31 July 2016
<b>Fixed assets</b>			
Intangible assets	8	-	-
Tangible assets	9	6,404	23,567
		<hr/>	<hr/>
		6,404	23,567
<b>Current assets</b>			
Stocks	10	22,522	-
Debtors	11	260,812	17,325
Cash at bank and in hand		40,203	-
		<hr/>	<hr/>
		323,537	17,325
<b>Creditors: amounts falling due within one year</b>	12	(235,797)	-
		<hr/>	<hr/>
<b>Net current assets</b>		87,740	17,325
		<hr/>	<hr/>
Total assets less current liabilities		94,144	40,892
<b>Provisions for liabilities</b>			
Deferred tax liability	13	(1,087)	(4,236)
		<hr/>	<hr/>
		(1,087)	(4,236)
<b>Net assets</b>		<hr/>	<hr/>
		93,057	36,656
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account		93,055	36,654
		<hr/>	<hr/>
Shareholders' funds		93,057	36,656
		<hr/>	<hr/>

The financial statements on pages 9 to 22 were approved by the Board of Directors and authorised for issue on 14 December 2017 and are signed on its behalf by:



Mrs Zoe Lewis  
Director

Registered Number: 02088545

## Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	2	984,252	984,254
<b>Total comprehensive expense for the year</b>			
Loss for the financial year	-	(124,533)	(124,533)
Total comprehensive expense for the period	-	(124,533)	(124,533)
Transactions with owners, recorded directly in equity			
Dividends	-	(823,065)	(823,065)
Total distributions to owners	-	(823,065)	823,065
<b>Balance at 31 July 2016</b>	<b>2</b>	<b>36,654</b>	<b>36,656</b>
Balance at 1 August 2016	2	36,654	36,656
<b>Total comprehensive income for the period</b>			
Profit for the financial period	-	72,097	72,097
Total comprehensive income for the period	-	72,097	72,097
Transactions with owners, recorded directly in equity			
Gift aid payment		(19,539)	(19,539)
Current tax recognised directly in equity	-	3,843	3,843
Total contributions by and distributions to owners	-	(15,696)	(15,696)
<b>Balance at 31 July 2017</b>	<b>2</b>	<b>93,055</b>	<b>93,057</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### **Company information**

Northern Skills Group Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Dock Street, Middlesbrough, TS2 1AD.

The company's principal activities are disclosed in the Directors' Report.

#### **Accounting convention**

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Middlesbrough College includes the Company in its consolidated financial statements. The consolidated financial statements of Middlesbrough College are prepared in accordance with FRS 102 and the Further and Higher Education SORP 2015, are available to the public and may be obtained from the Clerk to the Corporation, The Further Education Corporation of Middlesbrough College, Dock Street, Middlesbrough, TS2 1AD. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Middlesbrough College include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **Critical accounting estimates and judgements**

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 available 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

**Notes** *(continued)*

**Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparation of the financial statements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Turnover is recognised at the time training is delivered and in the case of funded training when the delivery has been verified by the funder.

The SFA contract under which the Northern Skills Group received funding is held by the parent, Middlesbrough College. Accounting for the substance of these transactions means where the provision of training and apprenticeships is performed by Northern Skills Group Limited, the income, associated expenditure, assets and liabilities are recognised in these financial statements.

**Intangible fixed assets**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Software:           3-5 years straight line

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and impairment. Depreciation is calculated to write down the cost less estimated residual value of all tangible assets other than leasehold land over their estimated useful economic lives. The rates applicable are:

Land and buildings leasehold   Straight line over the life of the lease up to a maximum of 50 years

Fixtures, fittings and equipment   Straight line over 3 to 5 years

**Land and buildings**

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous items are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

**Impairment of fixed assets**

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

## **Notes (continued)**

### **Taxation**

#### **Current tax**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to another comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

#### **Deferred tax**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

#### **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.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**Notes** *(continued)*

**Government grants**

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

**Agency arrangements**

The company acts as an agent in the collection and payment of employer age grants for 16 to 18 year old apprentices. Related payments received from the main funding body and subsequent disbursements to employers are excluded from the income statement and are shown separately in note.19.

## Notes (continued)

### 2 Turnover

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
<i>By activity</i>		
Income from youth and adult training	3,910,154	1,492,111
Sales of courses and other activities	94,180	59,939
	<u>4,004,334</u>	<u>1,552,050</u>
<i>By geographical market</i>		
United Kingdom	<u>4,004,334</u>	<u>1,552,050</u>

### 3 Other income

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
Net gain on disposal of tangible fixed assets	-	20,374
	<u>-</u>	<u>20,374</u>

### 4 Expenses and auditor's remuneration

*Included in profit / (loss) are the following:*

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
Depreciation of tangible assets	<u>17,163</u>	<u>18,297</u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	<u>4,000</u>	<u>9,500</u>



**Notes (continued)**

**5 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the period/year, analysed by category, was as follows:

	Year ended 31 July 2017	7 month period ended 31 July 2016
Training services	67	70

The aggregate payroll costs of these persons were as follows:

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
Wages and salaries	2,123,656	827,209
Social security costs	162,338	55,970
Contributions to defined contribution plans	175,598	47,014
	<u>2,461,592</u>	<u>930,193</u>

No directors received any remuneration from the company in respect of their services provided during the period (period ending 31 July 2016: nil).

During the period no directors (period ending 31 July 2016: nil) participated in the defined contribution pension scheme.

**6 Other interest receivable and similar income**

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
Other interest receivable and similar income	4	31

**Notes (continued)**

**7 Taxation**

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity**

	Year ended 31 July 2017	7 month period ended 31 July 2016
	£	£
<i>Current tax</i>		
Current tax on income for the period	-	-
Group relief payable	340	-
<b>Total current tax</b>	<b>340</b>	<b>-</b>
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	(2,914)	(76,430)
Adjustments in respect of prior periods	-	1,967
Effect of tax rate change on opening balance	(235)	-
<b>Total deferred tax</b>	<b>(3,149)</b>	<b>(74,463)</b>
<b>Total tax</b>	<b>(2,809)</b>	<b>(74,463)</b>

	Year ended 31 July 2017			7 month period ended 31 July 2016		
	£	£	£	£	£	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	4,183	(3,149)	1,034	-	(74,463)	(74,463)
Recognised directly in equity	(3,843)	0	(3,843)	-	-	-
	<b>340</b>	<b>(3,149)</b>	<b>(2,809)</b>	<b>-</b>	<b>(74,463)</b>	<b>(74,463)</b>

**Notes (continued)**

**7 Taxation (continued)**

**Reconciliation of effective tax rate**

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
Profit / (Loss) for the financial year /-period	73,131	(124,533)
Total tax expense	2,809	(74,463)
	<hr/>	<hr/>
Profit / (Loss) excluding taxation	75,940	(198,996)
Tax using the UK corporation tax rate of 19.67% (2016: 20%)	14,381	(39,799)
Chargeable losses	-	(10,889)
Reduction in tax rate on deferred tax balances	(928)	24,003
Group relief claimed	(341)	45,723
Payment of Group relief	341	-
Deferred tax not recognised	(12,419)	-
Fixed asset differences	-	(95,468)
Under/(over) provided in prior years	-	1,967
	<hr/>	<hr/>
Total tax expense included in profit or loss	1,034	(74,463)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax asset at 31 July 2017 has been calculated based on these rates.

**8 Intangible assets and goodwill**

	£
<b>Cost</b>	
Balance at 31 July 2016 and 31 July 2017	39,852
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 31 July 2016 and 31 July 2017	39,852
	<hr/>
<b>Net book value</b>	
At 31 July 2016	-
	<hr/>
<b>At 31 July 2017</b>	-
	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
Balance at 1 August 2016	648,006	648,006
	<hr/>	<hr/>
Balance at 31 July 2017	648,006	648,006
	<hr/>	<hr/>
<b>Depreciation and impairment</b>		
Balance at 1 August 2016	624,439	624,439
Depreciation charge for the period	17,163	17,163
	<hr/>	<hr/>
Balance at 31 July 2017	641,602	641,602
	<hr/>	<hr/>
<b>Net book value</b>		
At 1 August 2016	23,567	23,567
	<hr/>	<hr/>
<b>At 31 July 2017</b>	6,404	6,404
	<hr/>	<hr/>

**10 Stocks**

	31 July 2017 £	31 July 2017 £
Finished goods	22,522	-
	<hr/>	<hr/>

**11 Debtors**

	31 July 2017 £	31 July 2016 £
Amounts owed by group undertakings	183,019	-
Trade debtors	16,472	-
Other debtors	61,321	17,325
	<hr/>	<hr/>
	260,812	17,325
	<hr/>	<hr/>

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	31 July 2017 £	31 July 2016 £
Trade creditors	156,812	-
Taxation and social security	37,284	-
Other creditors	41,702	-
	<hr/> 235,798 <hr/>	<hr/> - <hr/>

**13 Deferred tax assets and liabilities**

*Deferred tax assets and liabilities are attributable to the following:*

	<b>Liabilities</b>	
	31 July 2017 £	31 July 2016 £
Accelerated capital allowances	4,236	4,236
	<hr/> 4,236 <hr/>	<hr/> 4,236 <hr/>

**14 Capital and reserves**

**Share capital**

31 July 2017

Number of shares

On issue at 31 July - fully paid

2

**Allotted, called up and fully paid**

2 ordinary shares of £1 each

31 July 2017 £	31 July 2016 £
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2	2
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Shares classified in shareholders' funds

2	2
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Notes (continued)**

**15 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	31 July 2017 £	31 July 2016 £
Less than one year	64,825	52,875
Between one and five years	255,107	105,750
	<u>319,932</u>	<u>158,625</u>

During the period £144,704 was recognised in the profit and loss account in respect of operating leases (2016: £nil)

*Leases as lessor*

The investment property was let under operating leases to third parties until its disposal on 7 June 2016. The future minimum lease payments receivable under non-cancellable leases are as follows:

	31 July 2017 £	31 July 2016 £
Less than one year	<u>-</u>	<u>-</u>

**16 Amounts disbursed as agent**

	Year ended 31 July 2017 £	7 month period ended 31 July 2016 £
Funding body grants - employer age grants Disbursed to employers	67,150 (67,150)	136,500 (136,500)
	<u>-</u>	<u>-</u>
Balance unspent as at the period/year end	<u>-</u>	<u>-</u>