

# **QA Training Limited**

## **Annual report and financial statements**

**Year ended 30 November 2005**

**Registered number: 3308296**



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## **Annual report and financial statements**

### **Contents**

Directors' report	2 - 3
Independent report of the auditors to the members of QA Training Limited	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 11

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 November 2005.

### **Principal activities and business review**

The company is essentially a dormant company and has not traded in the period and has no income. In 2005, the only profit and loss item related to the write off of an old creditor balance.

### **Results and dividends**

The company's profit for the financial year was £10,000 (2004: £nil). The directors do not recommend the payment of a dividend for the year (2004: £nil).

### **Directors and directors' interests**

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

Dr K Burgess (resigned 3 May 2005)  
J R Beaumont (appointed 3 May 2005)  
C J Gibson

All directors were remunerated by the ultimate holding company, QA plc. No director held any interest in the shares of the company. The interests of K Burgess, JR Beaumont and CJ Gibson in the shares of QA plc are disclosed in the financial statements of that company.

Since the year end, C J Gibson resigned as director (27 January 2006) and R E McRitchie was appointed as director (1 March 2006).

### **Employees**

The company had no employees during the period.

### **Post balance sheet event**

On 5 May 2006, the parent company QA plc received an offer from an interested party for its entire share capital. Further details are given in note 1 to the accounts.

### **Auditors**

A resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors will be put to the member at the next Annual General Meeting.

## Directors' report (continued)

### Statement of directors' responsibilities

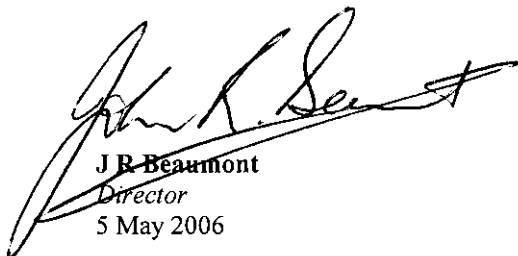
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 presume the company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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 and other irregularities.

By order of the board



**J B Beaumont**  
Director  
5 May 2006

QA House  
Delta Office Park  
Welton Road  
Swindon  
Wiltshire SN5 7WZ

## **Independent auditors' report to the member of QA Training Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the related notes and the accounting policies set out in the statement of accounting policies.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

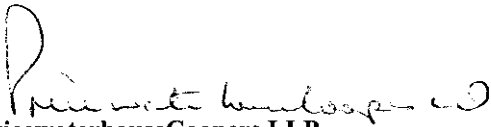
### **Fundamental uncertainty – going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements, 'Basis of preparing the accounts – going concern', concerning the uncertainty as to the company's financial position. For the reasons explained in note 1, the financial statements have been prepared on a going concern basis and accordingly do not include any adjustments that would arise if the company was unable to continue in operational existence for the foreseeable future. In view of the significance of this fundamental uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Independent auditors' report to the member of QA Training Limited (contd)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 November 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Bristol

5 May 2006

**Profit and loss account**

*For the year ended 30 November 2005*

	Note	2005 £000	2004 £000
<i>Continuing activities</i>			
<b>Gross profit</b>		-	-
Net operating income	2	10	-
<b>Operating profit</b>		<u>10</u>	<u>-</u>
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>		<u>10</u>	<u>-</u>

There are no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

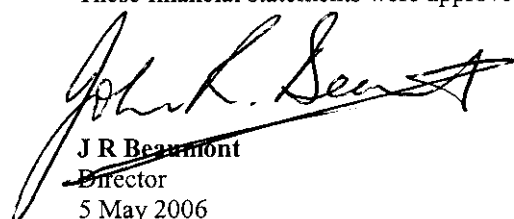
There is no material difference between the profit as stated above and that calculated on a historical cost basis.

## Balance sheet

At 30 November 2005

	Note	2005 £000	2004 £000
<b>Current assets</b>			
Debtors: amounts due from group undertakings		76	76
Creditors: amounts falling due within one year	6	(263)	(273)
<b>Net liabilities</b>		<u>(187)</u>	<u>(197)</u>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Profit and loss account		(187)	(197)
<b>Equity shareholder's deficit</b>	8	<u>(187)</u>	<u>(197)</u>

These financial statements were approved by the board of directors and were signed on its behalf by:

  
J R Beaumont  
Director  
5 May 2006

The notes on pages 8 to 11 form part of the financial statements.



## Notes

*(forming part of the financial statements)*

### 1 Principal accounting policies

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and with applicable UK accounting standards. A summary of the company's significant accounting policies, which have been applied consistently, is set out below.

#### Basis of preparation

The Company is a wholly owned subsidiary of QA plc and is included in the consolidated financial statements of QA plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities which are 90% or more controlled by QA plc.

#### Basis of preparing the accounts – going concern

##### a) Offer for entire share capital of the Group

On 17 March 2006 the directors of QA plc, the parent company, announced that they had received an approach from an interested party which may lead to an offer for the entire share capital of the Company. At the date of signing these accounts an offer has been received and a circular sent to shareholders.

If the offer is accepted by the shareholders of QA plc and subject to the uncertainty as set out below in relation to Group Bank Facility, the Directors have a reasonable expectation that adequate financial resources will be provided by the ultimate parent company, QA plc, up to the proposed date of transfer of ownership. However, in assessing the ability of the Company to continue as a going concern in these circumstances, it has been necessary for the current Directors to consider a period of less than twelve months, being the period from the date of approval of the financial statements to the anticipated date of transfer of ownership.

##### b) Group bank facility

Irrespective of whether the offer for the entire share capital of the Group is accepted, the financial position of the Company is closely linked to that of the parent company, QA plc, due to the dependence on common bank facilities for which each Group Company is responsible for under cross guarantees.

As set out in notes 13 and 16 to the consolidated accounts of QA plc the Group has liabilities in respect of bank guaranteed loan notes. The terms of the Group's bank facility involve a commitment to increase by £750,000 during financial year 2006, the amount of a cash deposit pledged in security for the bank's guarantee of loan notes in issue. In addition, the facility is subject to a covenant requiring the maintenance of a minimum daily cleared cash balance of £95,000 and month end cash balances in line with the Group's budget for the year.

The facility is tightly drawn and achieving the increase in the pledged deposit and complying with the covenant is dependent on the level of operating performance which is difficult to predict in the current trading environment. The level of available headroom against the covenant is reduced in the second half of the year.

In the event of a breach of covenant or failure to make a scheduled repayment, the directors would look to reach an agreement with the Bank to reschedule the payments or seek alternative sources of funding. In these circumstances, the Bank would only be able to appoint an administrator under their debenture and legal charge held over the assets of the Group if the loan note holder had requested repayment thereby crystallising a liability for the Bank. The Group did not comply with the month end cash balance bank covenant at 30 April 2006 but the bank is supportive during the process of considering the offer noted above. As the loan note holder has not requested repayment, the Bank cannot appoint an administrator.

## Notes (continued)

### 1 Principal accounting policies (contd)

In these circumstances, the Group's financial position is not certain. However, the Directors believe that the terms of the facility will be met and have a reasonable expectation that the Group will have sufficient working capital for the foreseeable future. The Directors also believe that they will be able to comply with future covenant requirements. Consequently, the directors consider that it is appropriate for the financial statements to be prepared on a going concern basis, which assumes that the Group will remain in operational existence for the foreseeable future.

#### c) Net liabilities

The Company has net liabilities. The Directors have prepared the accounts on a going concern basis on the basis of the continued support of the ultimate parent company, which in turn is subject to the offer for the entire share capital of the Group and the uncertainty in relation to the Group Banking Facility.

If the company were unable to continue in existence for the foreseeable future, adjustments would have to be made to the balance sheet of the company to reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

### 2 Analysis of net operating income

	2005 £000	2004 £000
Old creditor balance written back	10	-
	<u>10</u>	<u>-</u>

In both years, auditors remuneration and the operating lease costs were borne by another group company.

### 3 Employees

There were no employees of the company in the current or the prior period as all staff costs are borne by another group company.

### 4 Remuneration of directors

The emoluments of Dr K Burgess, J R Beaumont and C J Gibson are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of them.

**Notes (continued)**

**5 Tax on profit on ordinary activities**

<b>Analysis of charge</b>	<b>2005 £000</b>	<b>2004 £000</b>
Corporation tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
<b>Tax reconciliation</b>	<b>2005 £000</b>	<b>2004 £000</b>
Profit on ordinary activities before tax	<u>10</u>	<u>-</u>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30% (2004:30%)	3	-
<i>Effects of:</i>		
Non taxable income	(3)	-
	<u>-</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

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

	<b>2005 £000</b>	<b>2004 £000</b>
Amounts owed to group undertakings	263	263
Other creditors	-	10
	<u>263</u>	<u>273</u>

**7 Called up share capital**

	<b>2005 £000</b>	<b>2004 £000</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

## Notes (continued)

### 8 Reconciliation of movements in equity shareholder's deficit

	2005 £000	2004 £000
Opening shareholder's deficit	(197)	(197)
Profit for the financial year	10	-
Closing shareholder's deficit	<u>(187)</u>	<u>(197)</u>

### 9 Post balance sheet event

On 5 May 2006, the parent company QA plc received an offer from an interested party for its entire share capital. Further details are given in note 1 to the accounts.

### 10 Ultimate parent company

The directors regard QA plc as the ultimate holding company and controlling party and Skillsgroup Holdings Limited as the intermediate parent company. Both companies are registered in England and Wales.

Copies of the consolidated accounts of QA plc which include the results of Skillsgroup Holdings Limited and its subsidiary companies can be obtained from QA House, Delta Office Park, Welton Road, Swindon, Wiltshire SN5 7WZ.