

Registered No: 03370400

# **Imparta Limited**

## **Report and Consolidated Financial Statements**

31 December 2013

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# **Imparta Limited**

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Registered No: 03370400

## **Directors**

R J B Barkey  
D Stephen  
P J Williamson  
M G Hay  
A P B Isherwood  
A-M White  
J Garcia

## **Auditors**

Haines Watts  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA

## **Bankers**

Lloyds TSB Bank Plc  
83 Clarence Street  
Kingston upon Thames  
Surrey  
KT1 1RE

## **Solicitors**

Adams and Remers LLP  
Dukes Court  
32 Duke Street  
St James'  
London  
SW1Y 6DF

## **Registered office**

14-16 Peterborough Road  
London  
SW6 3BN

Registered No: 03370400

## Directors' report

The directors present their directors' report for the year ended 31 December 2013.

### Principal activities

The principal activity continued to be the development and delivery of capability building solutions that combine traditional workshops with sophisticated multimedia-based training, coaching and reinforcement to create measurable and sustainable impact for our clients. The group has a global reach, and focuses on the main customer-facing parts of our clients' organisations: sales, marketing and customer service.

### Dividends

The directors do not recommend the payment of a dividend (2012: £Nil).

### Acquisition of own shares

During 2013, the company completed the second and final tranche of a share buyback designed to provide liquidity to early investors in Imparta. The company purchased 10,773 Ordinary shares and 12,078 Ordinary 'A' shares from shareholders for a total consideration of £685,530, being 12% of called up share capital.

### Going Concern

The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the group to continue as a going concern.

### Directors

The directors during the year were as follows:

R J B Barkey  
D Stephen  
P J Williamson  
M G Hay  
R J Barham (resigned 3 June 2014)  
A P B Isherwood  
A-M White

### Indemnity Provisions

The directors are indemnified by the group against all losses, which they may incur in the execution of the duties of their office, other than those arising as a result of their gross negligence or wilful default. An insurance policy effecting cover against such liability has been purchased by Imparta Ltd, the parent company.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

During the year, Haines Watts were appointed as auditors to the company. Haines Watts will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

## Directors' report (continued)

### Statement of directors' responsibility

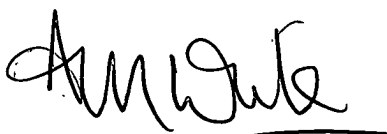
The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board and signed on its behalf by



25 September 2014  
Anne-Marie White  
Director

Registered No: 03370400

## Strategic report

The directors present their strategic report for the year ended 31 December 2013.

### Performance and financial review

During 2013, Imparta continued to be hampered by a reduction in spend from what had been our biggest client. This was driven by their own economics rather than by Imparta's performance, and while the process began in 2012, there was a reduction of £1.1m to 2013.

This led to a second year of falling revenue. The company reduced costs to limit the impact, but elected to continue investing in future growth. The group's key financial performance indicators during the year were as follows:

- Turnover fell by 9.2%, from £8,102,906 to £7,359,623
- Profit before tax fell from £101,124 to (£175,836)

The underlying sales business excluding revenue from the client noted above grew by 13%, and on the same basis, the service business grew by 22%. The win rate on new business was over 60% of deals by value and volume, and the business is less exposed to client concentration now than at any point since the recession.

2013 saw growth in our US subsidiary, Imparta Inc., and we expect this growth trend to continue.

Following the second and final tranche of the share buyback, net assets fell from £2,600,991 to £1,759,214.

### Future developments

Imparta is continuing to invest in its technology infrastructure and in new lead generation and sales resources and activities. The market in 2014 continues to be challenging but activity levels in the second half have picked up considerably. We have taken further steps to redesign our cost base and reduce breakeven.

### Strategy and operations

Our positioning remains as a company that goes beyond training to deliver, and measure, real performance improvements in sales and marketing and customer service. Our content in these areas is extensive, and thoroughly researched.

At the heart of Imparta's delivery approach is our Capability Building® System. This is a collection of tools that covers assessment, change management and performance management to deliver tangible results from client engagements. The Capability Building® System includes:

- Assessment tools covering business needs and staff attitudes and competencies;
- Tools for internal communication;
- Online learning (often used as pre-work for workshops), including animated tutorials and sophisticated simulations;
- A wide range of workshops that can be delivered globally;
- Reinforcement and application tools and a powerful approach to coaching; and
- A sophisticated set of impact measurement tools.

In 2013/2014 we introduced an Engagement Management model to help clients make use of this toolkit and manage the change process involved in improving sales, marketing and service performance. 2013 also saw a continued expansion of Imparta's global footprint.

## Strategic report (continued)

### Principal Risks and Uncertainties

The principal risks to the business are:

- Reliance on key customers. Imparta serves its clients in depth; so major clients represent a high proportion of revenue compared to more transactional businesses. Our approach is to manage this risk by growing the business and adding new clients rather than by limiting the size of any one account.
- Currency risk. Imparta trades with a number of overseas clients and operates in North America and Asia Pacific and so has exposure to currency risks. We aim to limit this exposure by matching the currency of any costs incurred to the currency in which revenue is earned, and by converting surplus funds to sterling on a regular basis.

### Research and development activities

The group continued to invest significantly in research and development during the period, including:

- The completion of our next generation of our i-Coach learning portal;
- Internal systems to streamline the provision of workshops;
- A modular course library and a Microsoft PowerPoint® plugin that gives clients and designers the ability to combine modules into full courses, providing flexibility without the cost of full tailoring;
- Further extensions to our Capability Building® System - Imparta's modular toolkit for turning training into an effective change process – in particular, in the area of competency assessments;
- Continued research in our core areas of expertise.

This report was approved by the Board and signed on its behalf by



25 September 2014  
Anne-Marie White  
Director

# **Independent auditors' report**

**to the members of Imparta Limited**

We have audited the financial statements of Imparta Limited for the year ended 31 December 2013, which comprise the group profit and loss account, group statement of total recognised gains and losses, the group and parent company balance sheets, the group cash flow statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the company as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report**

**to the members of Imparta Limited (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Gary Staunton (Senior Statutory Auditor)  
For and on behalf of Haines Watts  
Chartered Accountants and Statutory Auditors  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA  
30 September 2014



## Group profit and loss account

for the year ended 31 December 2013

The directors present the consolidated financial statements for the year ended 31 December 2013.

	Notes	Group 2013 £	Group 2012 £
<b>Turnover</b>	2	7,359,623	8,102,906
Cost of sales		(1,782,047)	(1,945,752)
<b>Gross profit</b>		5,577,576	6,157,154
Research and development costs		(472,149)	(463,457)
Selling and distribution expenses		(3,250,353)	(3,535,503)
Administrative expenses		(1,949,839)	(2,001,248)
Foreign exchange loss		(72,243)	(44,949)
<b>Operating profit</b>	3	(167,008)	111,997
Interest receivable and similar income	5	13,273	11,186
Interest payable and similar charges	6	(22,101)	(22,059)
<b>Profit on ordinary activities before taxation</b>		(175,836)	101,124
Taxation	7	(7,603)	108,579
<b>Profit for the financial year</b>	16	(183,439)	209,703

All amounts relate to continuing operations.

## Group statement of total recognised gains and losses

for the year ended 31 December 2013

The only recognised gains or losses are the loss of £183,439 attributable to the shareholders for the year ended 31 December 2013 (2012: profit £209,703) and the exchange gain arising on the foreign subsidiary consolidation for the year ended 31 December 2013 of £27,192 (2012: £1,044).

# Group and company balance sheets

at 31 December 2013

	<i>Notes</i>	<i>Group</i>		<i>Company</i>	
		<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
		<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<b><i>Fixed assets</i></b>					
Intangible assets	8	617,836	555,275	610,242	544,522
Tangible assets	9	96,838	116,579	95,722	114,493
Investments	10	-	-	1	1
		<u>714,674</u>	<u>671,854</u>	<u>705,965</u>	<u>659,016</u>
<b><i>Current assets</i></b>					
Stocks	11	7,937	11,726	7,937	11,726
Debtors	12	1,607,023	2,332,342	2,409,328	2,807,036
Cash at bank and in hand		1,036,401	1,216,684	1,001,283	1,157,356
		<u>2,651,361</u>	<u>3,560,752</u>	<u>3,418,548</u>	<u>3,976,118</u>
<b><i>Creditors: amounts falling due within one year</i></b>	13	<u>(1,165,635)</u>	<u>(1,190,429)</u>	<u>(1,109,662)</u>	<u>(1,141,172)</u>
<b><i>Net current assets</i></b>		<u>1,485,726</u>	<u>2,370,323</u>	<u>2,308,886</u>	<u>2,834,946</u>
<b><i>Total assets less current liabilities</i></b>		<u>2,200,400</u>	<u>3,042,177</u>	<u>3,014,851</u>	<u>3,493,962</u>
<b><i>Creditors: amounts falling due after more than one year</i></b>					
Loans	14	(441,186)	(441,186)	(441,186)	(441,186)
		<u>1,759,214</u>	<u>2,600,991</u>	<u>2,573,665</u>	<u>3,052,776</u>
<b><i>Capital and reserves</i></b>					
Called up share capital	15	4,331	4,903	4,331	4,903
Capital redemption reserve	16	1,155	583	1,155	583
Profit and loss account	16	1,753,728	2,595,505	2,568,179	3,047,290
<b><i>Shareholders' funds</i></b>		<u>1,759,214</u>	<u>2,600,991</u>	<u>2,573,665</u>	<u>3,052,776</u>

The financial statements were approved and authorised by the board and signed on its behalf on 25<sup>th</sup> September 2014 by



Anne-Marie White  
Director

# Group cash flow statement

for the year ended 31 December 2013

	Notes	Group 2013 £	Group 2012 £
<b>Net cash flow from operating activities</b>	20	701,441	506,871
<b>Returns on investment and servicing of finance</b>			
Interest received	5	13,273	11,186
Interest paid	6	(22,101)	(22,059)
		(8,828)	(10,873)
<b>Taxation</b>			
UK corporation tax paid		(7,431)	(1,359)
Overseas corporation tax paid		(1,302)	(990)
Overseas withholding tax paid		(9,431)	(17,729)
		(18,164)	(20,078)
<b>Capital expenditure and financial investment</b>			
Payments for purchase of intangible assets	8	(178,447)	(177,184)
Payments for purchase of tangible assets	9	(19,086)	(20,379)
Receipts on sale of tangible fixed assets	20	-	1,423
		(197,533)	(196,140)
<b>Acquisitions and disposals</b>			
Payments to acquire trade and assets of a business		-	-
		-	-
<b>Financing</b>			
Payments to acquire company's own shares	16	(685,530)	(700,020)
		(685,530)	(700,020)
<b>(Decrease)/Increase in cash</b>	21	(208,614)	(420,240)

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies

#### **Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Basis of consolidation**

The group financial statements incorporate the financial statements of the company and entities controlled by it (its subsidiary undertakings).

All the subsidiary undertakings have been included in the group financial statements using the acquisition method of accounting. Accordingly the group income statement and the group statement of cash flows include the results and cash flows of the subsidiary undertakings.

The results of any subsidiaries acquired or disposed of during the year are included in the group income statement from the effective date of acquisition/formation or up to the effective date of disposal, as appropriate.

Under the Companies Act 2006 section 408, the company is exempt from presenting its own profit and loss account.

#### **Intangible assets**

Costs incurred in the creation of the company's software platforms that meet the criteria required for capitalisation in terms of UK GAAP are treated collectively as an intangible asset and amortised over an estimated useful economic life of 5 years, commencing from the date the asset is brought into use for commercial purposes.

Costs incurred in relation to patents and trademarks are treated collectively as an intangible asset and are amortised over an estimated useful economic life of 5 years.

Costs incurred in relation to the acquisition of Procter Consultancy Limited are treated collectively as an intangible asset and are amortised over an estimated useful economic life of 20 years.

On an annual basis the director's review the intangible fixed assets for indications of impairment and if required make provisions to reduce the carrying value to the fair value of the assets.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates per annum calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures and fittings	-	10% straight line per annum
Office equipment	-	20% straight line per annum
Computer equipment	-	20% and 33% straight line per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Investments**

Fixed asset investments are stated at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies (continued)

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences arising on these transactions are taken to profit and loss account. Subsidiaries' financial statements denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences arising on consolidation are taken to reserves.

#### **Research and development**

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

#### **Leasing commitments**

Costs incurred in respect of operating leases are charged on a straight line basis over the term of the lease. Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period.

#### **Pension contributions**

There is a provision made in the financial statements in relation to pensions that are contractually provided for in employee service agreements. Where the pension relates to a director, the cost of this has been included as part of directors' emoluments in the notes to the financial statements.

The company operates a stakeholder pension scheme that is open to all employees. No additional contributions are made by the company towards this scheme.

#### **Revenue recognition**

The company generates the following types of revenue:

##### *Licence fees*

Licence fees are earned under software license agreements to end-users. Revenues from perpetual licenses to end-users are recognised when licences are made available to the client in accordance with the contract, statement of work or wording on the invoice if collection of the resulting receivable is probable, the fee is fixed and determinable, and there are no significant post-delivery obligations. If an acceptance period is required, revenues are recognised upon the earlier of customer acceptance or the expiration of the acceptance period. Revenues from licences for a defined or finite period are recognised evenly over this period.

##### *Course fees*

The company facilitates learning programmes. Revenue from such courses is generally recognised rateably as the courses take place.

##### *Service fees*

Services consist of support arrangements, consulting, tailoring and development services. Support agreements generally call for the company to provide technical support and provide certain rights to software updates to customers. Revenue on technical support and software update rights is recognised evenly over the term of the support agreement. The company provides consulting and tailoring services to its customers; revenue from such services is generally recognised as the services are performed.

# Notes to the financial statements

at 31 December 2013

## 1. Accounting policies (continued)

### Stocks

Stocks are stated at the lower of cost and net realisable value.

### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## 2. Turnover

Turnover in respect of continuing activities represents amounts receivable for services net of VAT and trade discounts. 57% (2012 - 62%) of turnover is attributable to geographical markets outside the United Kingdom.

## 3. Operating profit

This is stated after charging:

	<i>Group</i>	<i>Group</i>
	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration - audit services	15,750	17,500
- other services	3,150	21,544
Directors' remuneration (note 4(b))	526,030	580,914
Depreciation of tangible fixed assets (note 9)	38,663	37,254
Amortisation of intangible fixed assets (note 8)	114,075	110,134
Operating lease rentals - land and buildings	212,557	182,537

## Notes to the financial statements

at 31 December 2013

### 4. Directors and Employees

#### (a) Staff costs including directors' remuneration

	2013 £	2012 £
Wages and salaries	4,040,465	4,255,181
Social security costs	447,778	500,205
Other pension costs	34,638	22,791
	<u>4,522,881</u>	<u>4,778,177</u>

Wages and salaries costs include £165,012 (2012: £129,020) which relate to the costs capitalised for the development of intangible fixed assets.

The average monthly number of employees during the year was made up as follows:

	2013 No.	2012 No.
Research and development	15	14
Selling and distribution	39	44
Administrative	19	18
	<u>73</u>	<u>76</u>

#### (b) Directors' remuneration

	2013 £	2012 £
Remuneration	492,030	546,914
Consideration paid to third parties in respect of directors' services	34,000	34,000
	<u>526,030</u>	<u>580,914</u>

No directors accrued benefits under defined contribution money purchase pension schemes (2012: one).

Two of the directors held share options during the current year (2012: two), though none of the directors exercised these options.

## Notes to the financial statements

at 31 December 2013

### 4. Directors and Employees (continued)

(c) Highest paid director's remuneration

	2013	2012
	£	£
Remuneration	201,087	238,118
	<u>201,087</u>	<u>238,118</u>

### 5. Interest Receivable

	2013	2012
	£	£
Bank interest received	13,273	11,186
	<u>13,273</u>	<u>11,186</u>

### 6. Interest Payable

	2013	2012
	£	£
Loan note interest paid	22,059	22,059
Other	42	-
	<u>22,101</u>	<u>22,059</u>



# Notes to the financial statements

at 31 December 2013

## 7. Taxation

### (a) Tax on profit on ordinary activities

The tax (credit) / charge is made up as follows:

	<i>Group</i>	<i>Group</i>
	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
<i>Current tax:</i>		
UK corporation tax on profits of the period	6,256	6,441
Foreign tax suffered	10,733	18,719
Current tax charge (note 7(b))	16,989	25,160
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 7 (d))	(9,386)	(133,739)
Total tax (credit) / charge per the profit and loss	7,603	(108,579)

### (b) Factors affecting the current tax charge:

The tax assessed on the profit on ordinary activities for the year is lower than the average standard rate of corporation tax in the UK for small companies of 20% (2012: 20%). The differences are reconciled below:

	<i>Group</i>	<i>Group</i>
	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
(Loss) / profit on ordinary activities before tax	(175,836)	101,124
Profit on ordinary activities before tax multiplied by average standard rate of corporation tax in the UK of 20% (2012: 20%)	(35,167)	20,225
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,165	8,794
Depreciation in excess of capital allowances	823	6,342
Foreign tax expensed under s112 TIOPA 2012	-	(1,976)
Foreign taxes on overseas income	2,948	9,904
Withholding tax suffered	7,785	7,851
Rate differences on foreign taxes	-	(321)
(Utilisation)/carry forward of tax losses	35,435	(79,092)
Other timing differences	-	53,433
Current tax charge for the year (note 7(a))	16,989	25,160

## 7. Taxation (continued)

### (c) Factors that may affect future tax charges:

## Notes to the financial statements

at 31 December 2013

The group has estimated trading losses in the UK of £866,000 (2012: £1,078,588) that are available indefinitely for offset against future taxable profits of the same trade. A deferred tax asset has been recognised to the extent that it is expected that these losses may be recovered.

The group also has estimated trading losses in its subsidiary undertakings in Australia of £248,816 (2012: £128,322) and in the United States of America of £598,804 (2012: £326,078) carried forward. A deferred tax asset has not been recognised in respect of these losses.

(d) Deferred tax

The movement in the deferred tax asset is as follows:

	<i>Group</i>	
	2013 £	2012 £
At 1 January	171,636	37,897
Credited/ (charged) to the profit and loss account during the year	9,386	133,739
At 31 December	<u>181,022</u>	<u>171,636</u>

The deferred tax included in the balance sheet is as follows:

	<i>Group</i>	
	2013 £	2012 £
Decelerated capital allowances	7,670	11,636
Tax losses	173,352	160,000
Other timing differences	-	-
Deferred tax asset (note 12)	<u>181,022</u>	<u>171,636</u>

# Notes to the financial statements

at 31 December 2013

## 8. Intangible fixed assets Group

	<i>Goodwill costs</i>	<i>Platform development</i>	<i>Patents and trademarks</i>	<i>Formation costs</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2013	288,415	647,950	13,914	7,863	958,142
Exchange Adjustments	-	(706)	(480)	(882)	(2,068)
Additions	-	178,447	-	-	178,447
Write off	-	(25,420)	-	-	(25,420)
At 31 December 2013	288,415	800,270	13,435	6,981	1,109,101
Amortisation:					
At 1 January 2013	43,262	349,679	4,193	5,733	402,867
Exchange Adjustments	-	(139)	(113)	(841)	(1,093)
Provided during the year	14,421	97,799	1,343	512	114,075
Write off	-	(24,584)	-	-	(24,584)
At 31 December 2013	57,683	422,755	5,423	5,404	491,265
Net book value:					
At 31 December 2013	230,732	377,515	8,012	1,577	617,836
At 31 December 2012	245,153	298,271	9,721	2,130	555,275

## Company

	<i>Goodwill costs</i>	<i>Platform development</i>	<i>Patents and trademarks</i>	<i>Formation costs</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2013	288,415	640,155	10,882	-	939,452
Additions	-	178,447	-	-	178,447
Write off	-	(25,421)	-	-	(25,421)
At 31 December 2013	288,415	793,181	10,822	-	1,092,478
Amortisation:					
At 1 January 2013	43,262	348,184	3,484	-	394,930
Provided during the year	14,421	96,381	1,088	-	111,890
Write off	-	(24,584)	-	-	(24,584)
At 31 December 2013	57,683	419,981	4,572	-	482,236
Net book value:					
At 31 December 2013	230,732	373,200	6,310	-	610,242
At 31 December 2012	245,153	291,971	7,398	-	544,522

# Notes to the financial statements

at 31 December 2013

## 9. Tangible fixed assets

### Group

	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2013	366,091	53,152	197,622	616,865
Exchange Adjustments	(39)	-	(313)	(352)
Additions	3,345	1,012	14,729	19,086
Disposals	-	-	-	-
At 31 December 2013	369,397	54,164	212,038	635,599
Depreciation:				
At 1 January 2013	316,177	24,055	160,054	500,286
Exchange Adjustments	(4)	-	(184)	(188)
Provided during the year	6,519	8,968	23,176	38,663
Disposals	-	-	-	-
At 31 December 2013	322,692	33,023	183,046	538,761
Net book value:				
At 31 December 2013	46,705	21,141	28,992	96,838
At 31 December 2012	49,914	29,097	37,568	116,579

### Company

	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2013	365,845	53,152	194,216	613,213
Additions	3,345	1,012	14,729	19,086
Disposals	-	-	-	-
At 31 December 2013	369,190	54,164	208,945	632,299
Depreciation:				
At 1 January 2013	316,150	24,055	158,515	498,720
Provided during the year	6,498	8,968	22,391	37,857
Disposals	-	-	-	-
At 31 December 2013	322,648	33,023	180,906	536,577
Net book value:				
At 31 December 2013	46,542	21,141	28,039	95,722
At 31 December 2012	49,695	29,097	35,701	114,493

# Notes to the financial statements

at 31 December 2013

## 10. Fixed assets investments

	<i>Group</i> £	<i>Company</i> £
As at 1 January & 31 December 2013	-	1

	Class of holding	Percentage held	Status
Subsidiary undertakings:			
Imparta Pty Ltd.	Ordinary	100%	Trading
Imparta, Inc.	Ordinary	100%	Trading

The above trading companies are involved in sales and marketing training services.

Imparta Pty Ltd is incorporated in Australia.

Imparta, Inc. is incorporated in the United States of America.

## 11. Stocks

	<i>Group</i>		<i>Company</i>	
	2013 £	2012 £	2013 £	2012 £
Course materials	7,937	11,726	7,937	11,726

## 12. Debtors

	<i>Group</i>		<i>Company</i>	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	1,217,145	1,961,639	1,090,835	1,879,390
Other debtors	38,921	34,208	38,561	33,840
Prepayments and accrued income	169,935	164,859	160,638	158,648
Deferred tax (note 7 (d))	181,022	171,636	181,022	171,636
Amounts owed by subsidiary undertakings	-	-	938,272	563,522
	1,607,023	2,332,342	2,409,328	2,807,036

## Notes to the financial statements

at 31 December 2013

### 13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade creditors	312,506	226,336	297,409	218,985
Corporation Tax	6,257	7,431	6,257	6,441
Other tax and social security cost	227,875	199,521	213,878	184,631
Other creditors	-	1,300	-	1,300
Deferred income	329,909	410,600	323,309	410,600
Accruals	289,088	345,241	268,809	319,215
	<u>1,165,635</u>	<u>1,190,429</u>	<u>1,109,662</u>	<u>1,141,172</u>

### 14. Loans

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Wholly repayable within two - five years: 5% convertible loan notes, wholly repayable from 30 April 2010 (see below)	441,186	441,186	441,186	441,186

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts repayable: Within five years (note 22)	441,186	441,186	441,186	441,186

The company issued 11,029 5% convertible unsecured loan notes of £40 each ('loan notes') on 30 April 2004, raising a total of £441,186. The purpose of the issue was to raise additional funds for growth purposes. The loan notes are convertible on the later of 30 April 2010 and the fifth business day following the redemption by the company of all Series 'A-1' shares and the payment of all outstanding dividends or interest payable to the holders of the Series 'A-1' shares as detailed above, subject to a final redemption date of 30 April 2020. The loan notes are convertible into ordinary shares at the rate of £0.025 nominal for every £40 nominal of loan notes converted.

## Notes to the financial statements

at 31 December 2013

### 15. Share capital

<i>Allotted, called up and fully paid</i>	<i>2013 No.</i>	<i>2012 No.</i>	<i>2013 £</i>	<i>2012 £</i>
Ordinary shares of 2.5 pence each	132,846	143,619	3,321	3,591
Ordinary 'A' shares of 2.5 pence each	21,314	33,392	533	835
Series 'A-1' convertible preference shares of 2.5 pence each	19,077	19,077	477	477
	<u>173,237</u>	<u>196,088</u>	<u>4,331</u>	<u>4,903</u>

During the year the company completed the second and final tranche of a share buyback comprising 10,773 ordinary Shares and 12,078 ordinary 'A' shares for total consideration of £685,530 (note 16).

#### *Series A-1 shares*

The series A-1 convertible preference shares of 2.5 pence each shall convert into ordinary shares of 2.5 pence on a one to one basis immediately prior to and conditional upon the occurrence of an Exit by the company, as contemplated in the Articles of Association.

#### *Warrants*

The company currently has a total of 7,500 warrants in existence, made up as follows:

- Revenue warrants - Up to 7,500 revenue warrants had been earned by GE Capital Equity Holdings, Inc at the balance sheet date. These warrants have not yet been issued and have a strike price of £66.67 and a cashless exercise option on Exit.

#### *Share options*

The company operates a share option scheme under which options to subscribe for the company's shares have been granted to certain employees. Options granted expire ten years from date of grant but cannot be exercised until the company has made an Exit.

## Notes to the financial statements

at 31 December 2013

### 15. Share capital (continued)

<i>Options exercise price</i>	<i>Grant date</i>	<i>Expiry date</i>	<i>1 January 2013 £</i>	<i>Granted during the year £</i>	<i>Cancelled and lapsed during 31 December the year £</i>	<i>2014 £</i>
£30.00	30 June 2005	30 June 2015	300	-	(300)	-
	28 July 2004	28 July 2014	665	-	(665)	-
	23 June 2004	23 June 2014	1,500	-	(1,500)	-
	30 April 2006	30 April 2016	50	-	(50)	-
	29 September 2007	29 September 2017	3,650	-	(3,650)	-
	27 August 2008	27 August 2018	1,450	-	(1,450)	-
	30 March 2009	30 March 2019	200	-	(200)	-
	9 August 2010	9 August 2020	1,150	-	(1,150)	-
£12.80	28 July 2004	28 July 2014	2,653	-	(2,653)	-
£0.025	28 July 2004	28 July 2014	1,499	-	(1,499)	-
£0.025	27 February 2013	27 February 2023	-	8,318	-	8,318
£12.80	27 February 2013	27 February 2023	-	2,653	-	2,653
£30.00	27 February 2013	27 February 2023	-	9,265	-	9,265
			<u>13,117</u>	<u>20,236</u>	<u>(13,117)</u>	<u>20,236</u>

The following options were granted in unapproved share option schemes. Options granted expire ten years from date of grant but cannot be exercised until the company has made an exit.

<i>Option exercise price</i>	<i>Grant date</i>	<i>Expiry date</i>	<i>1 January 2013 £</i>	<i>Granted during the year £</i>	<i>Cancelled and lapsed during 31 December the year £</i>	<i>2013 £</i>
£0.025	6 December 2004	6 December 2014	750	-	-	750
£30.00	27 August 2013	27 August 2023	-	1,500	-	1,500
			<u>750</u>	<u>1,500</u>	<u>-</u>	<u>2,250</u>



## Notes to the financial statements

at 31 December 2013

### 16. Reconciliation of shareholders' funds and statement of movements on reserves

Group	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 31 December 2012	4,903	583	2,595,505	2,600,991
Share buyback	(572)	572	(685,530)	(685,530)
Exchange losses arising on foreign subsidiary consolidation	-	-	27,192	27,192
Profit for the year	-	-	(183,439)	(183,439)
At 31 December 2013	4,331	1,155	1,753,728	1,759,214

Company	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 31 December 2012	4,903	583	3,047,290	3,052,776
Share buyback	(572)	572	(685,530)	(685,530)
Profit for the year	-	-	206,419	206,419
At 31 December 2013	4,331	1,155	2,568,179	2,573,665

### 17. Pensions

The company contributes to the defined contribution money purchase personal pension schemes of certain employees.

The pension charge for the year represents contributions payable by the company to the schemes and amounted to £34,638 (2012: £22,791). The unpaid pension contributions outstanding at the year end included in other creditors (note 7) were £Nil (2011: £Nil).

### 18. Other financial commitments

At 31 December 2013, the company had annual commitments under non-cancellable operating leases for land and buildings as follows:

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Operating leases which expire: In under 5 years	230,740	230,740	230,740	230,740

## Notes to the financial statements

at 31 December 2013

### 19. Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	£	£	£	£
Related party				
Directors				
2013	-	24,846	-	100,000
2012	-	96,776	-	-

#### *Terms and conditions of transactions with related parties*

Sales and purchases between the company and its Directors are made at normal market prices.

#### *Transactions with subsidiary undertakings*

Advantage has been taken of the exemptions available under Financial Reporting Standard 8 regarding transactions with the entities that are part of the group on the grounds that the consolidated financial statements of the group are publically available.

### 20. Reconciliation of operating profit to net cash flow from operating activities

	<i>Group 2013 £</i>	<i>Group 2012 £</i>
Operating Profit	(167,008)	111,997
Loss on disposal of intangible assets	836	955
Loss on disposal of tangible assets	-	424
Gain on sale of tangible fixed assets	-	(1,423)
Depreciation of tangible assets	38,663	37,254
Amortisation of intangible assets	114,075	110,134
Decrease in stock	3,789	2,266
Decrease / (Increase) in trade debtors	744,494	470,972
(Increase) / Decrease in other receivables	(9,789)	(26,030)
Increase in trade creditors	86,170	54,804
(Decrease) / Increase in other payables	27,053	(122,609)
(Decrease) in deferred income	(80,690)	(27,482)
(Decrease) / Increase in accruals	(56,152)	(104,391)
Net cash flow from operating activities	701,441	506,871

## Notes to the financial statements

at 31 December 2013

### 21. Reconciliation of net cash flow to movement in net funds

	<i>Group</i>	<i>Group</i>
	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Movement in cash in the period	(208,614)	(420,240)
Exchange differences	28,331	1,130
<b>Movement in net funds in the period</b>	<b>(180,283)</b>	<b>(419,110)</b>
Net funds at 1 January	775,498	1,194,608
Net funds at 31 December	<u>595,215</u>	<u>775,498</u>

### 22. Analysis of net funds

	<i>At 1 Jan</i>	<i>Cash flow</i>	<i>At 31 Dec</i>
	<i>2013</i>		<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash at bank	1,216,684	(180,283)	1,036,401
Debt due in over a year (note 14)	<u>(441,186)</u>	<u>-</u>	<u>(441,186)</u>
	<u>775,498</u>	<u>(180,283)</u>	<u>595,215</u>

The company's bankers have a fixed and floating charge over all the company's property and assets.

### 23. Controlling Party

In the opinion of the Directors the ultimate controlling party is Mr R J Barkey.