

IMPARTA LIMITED
Group Strategic Report,
Director's Report and
Consolidated Financial Statements
for the Year Ended 31 December 2018



IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

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for the year ended 31 December 2018**

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IMPARTA LIMITED

**Company Information
for the year ended 31 December 2018**

Director:	R J B Barkey
Registered office:	14 - 16 Peterborough Road London SW6 3BN
Registered number:	03370400 (England and Wales)
Auditors:	Haines Watts Chartered Accountants & Statutory Auditor 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

**Group Strategic Report
for the year ended 31 December 2018**

The director presents his strategic report of the company and the group for the year ended 31 December 2018.

Performance and financial review

2018 was another year of growth for Imparta Limited, with 7.6% revenue growth year-on-year, and 19.5% improvement in EBITDA. The profit increase demonstrated a good level of operating leverage, helped by an improvement in gross margin relative to 2017.

The highlight figures for 2018 were:

- Turnover increased by 7.6%, from £9,670,322 to £10,407,190
- EBITDA increased by 19.5%, from £1,180,260 to £1,410,581
- Profit before tax increased by 24.9%, from £825,512 to £1,031,059
- Total assets less current liabilities grew by £493,157 from £5,231,766 to £5,724,923.

Current and future developments

The Group continues to pursue an ambitious medium-term growth strategy. In 2018 we:

- Completed much of the work to streamline our operations and improve scalability;
- Restructured our client-facing teams to deliver more value to clients;
- Simplified our product offering and continued to invest in our modular curriculum;
- Grew the US team and our trainer base.

Plans for 2019 include:

- A full rebranding of the business to create a more modern, appealing look and drive differentiation;
- Further strengthening our value-added services to clients;
- Shifting to an annual recurring revenue model (we have termed this TaaS: Training as a Service);
- The launch of an upgraded eLearning platform and mobile app to support the Virtual Sales Academy.

At the time of writing in 2019 we have also reduced our cost base and shifted a number of costs from fixed to variable, better to protect us against the economic impact of Brexit.

Strategy and operations

Imparta's mission is to deliver and measure real performance improvements in sales (both B2B and B2C) to a global client base. We combine world-class content and methodologies with advanced learning approaches and the ability to make training stick through our Capability Building® System.

Imparta enjoys strong IP-based revenue streams that include:

- A modular content library containing our world-class content, that is licenced to clients as individual programmes, or as an entire library of instructor-led training, tools and competencies;
- Other technology-based platforms, including plugins that allow clients to embed our methodology into their CRM systems;
- Imparta's Virtual Sales Academy® (VSA), which provides highly-effective experiential learning around sales skills and automates many of the functions of a full Academy, from development planning to manager-led role-plays and competency assessments.

**Group Strategic Report
for the year ended 31 December 2018**

Principal risks and uncertainties

The principal risks to the business are:

- Currency risk. The Imparta group of companies trades with a number of overseas clients, and operates in North America, Europe 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;
- Economic slowdown. There is continued risk of a widespread economic slowdown, and this could impact Imparta's performance if it were to materialise, although our deep, consultative relationships with core clients protected both revenues and profits during the last recession;
- Brexit. At the time of writing, we have already felt some effects from possibility and process of Brexit, with a number of clients starting to defer spending, and worsening attitudes towards UK companies in European buying decisions. We have taken a number of steps to protect against the immediate effects of Brexit, including:
 - Establishing a European operating business, Imparta EU;
 - Increasing the bench strength of our local faculty in Europe;
 - Working with local printers to avoid having to ship materials, and
 - Drafting contracts to deal with GDPR issues should they arise.

However there remains the risk that Brexit, especially in a no-deal scenario, may lead to economic downturn and reduced or deferred spend. We will continue to monitor the situation closely.

Research and development activities

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

- The continued extension of the capabilities of our i-Coach® learning portal and the Virtual Sales Academy®, including new reinforcement activities (eCards) and further improvements to the reporting and insights functionality;
- The definition of a longer-term vision for our approach to mobile and learner-centric edtech platforms;
- An extensive research project leading to an upgraded sales methodology that we are calling The 3D Advantage.

This addresses many of the issues experienced by clients when implementing other sales methodologies, and will lead to a full refresh of our modular curriculum and eLearning.

On behalf of the board:



R J B Barkey - Director

30 September 2019

**Director's Report
for the year ended 31 December 2018**

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2018.

Principal activity

The principal activity continued to be the development and delivery of capability building solutions that combine traditional workshops with sophisticated e-learning, coaching and reinforcement to create measurable and sustainable impact for our global client list. The group has refocused its activities around three areas: sales, service and sales through service.

Dividends

An interim dividend of 112.41 per share was paid on 31 December 2018. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £506,295.

Director

R J B Barkey held office during the whole of the period from 1 January 2018 to the date of this report.

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 Limited, to cover all companies in the Group.

Statement of director's responsibilities

The director is responsible for preparing the Group Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board:



R J B Barkey - Director

30 September 2019

**Independent Auditors' Report to the Members of
Imparta Limited**

Opinion

We have audited the financial statements of Imparta Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Director's Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

**Independent Auditors' Report to the Members of
Imparta Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent 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 the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

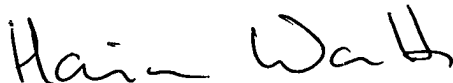
Auditors' responsibilities for the audit of the financial statements

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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.



Gary Staunton (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants & Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

30 September 2019

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Consolidated Income Statement
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
Turnover	3	10,407,190	9,670,322
Cost of sales		<u>(2,234,623)</u>	<u>(2,294,469)</u>
Gross profit		8,172,567	7,375,853
Research and development costs		(384,020)	(441,447)
Selling and distribution costs		(4,299,087)	(3,561,585)
Administrative expenses		(2,078,842)	(2,150,523)
Foreign exchange (loss)/gain		<u>37,130</u>	<u>(42,038)</u>
EBITDA		1,447,748	1,180,260
Depreciation and amortisation		(334,219)	(306,163)
Interest receivable and similar income		74	1,542
Interest payable and similar expenses	6	<u>(82,544)</u>	<u>(50,127)</u>
Profit before taxation	7	1,031,059	825,512
Tax on profit	8	<u>(30,210)</u>	<u>140,966</u>
Profit for the financial year		<u>1,000,849</u>	<u>966,478</u>
Profit attributable to: Owners of the parent		<u>1,000,849</u>	<u>966,478</u>

The notes form part of these financial statements

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Consolidated Other Comprehensive Income
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
Profit for the year		1,000,849	966,478
Other comprehensive income			
Exchange differences on retranslation		(1,397)	28,769
Income tax relating to other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		(1,397)	28,769
Total comprehensive income for the year		999,452	995,247
Total comprehensive income attributable to: Owners of the parent		999,452	995,247

The notes form part of these financial statements

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

Consolidated Balance Sheet
31 December 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	11		986,962		950,033
Tangible assets	12		59,324		51,339
Investments	13		-		-
			<u>1,046,286</u>		<u>1,001,372</u>
Current assets					
Debtors	14	6,281,150		5,303,909	
Cash at bank and in hand		623,257		698,212	
		<u>6,904,407</u>		<u>6,002,121</u>	
Creditors					
Amounts falling due within one year	15	2,225,770		1,771,727	
Net current assets			<u>4,678,637</u>		<u>4,230,394</u>
Total assets less current liabilities			<u>5,724,923</u>		<u>5,231,766</u>
Creditors					
Amounts falling due after more than one year	16		1,257,852		1,257,852
Net assets			<u>4,467,071</u>		<u>3,973,914</u>
Capital and reserves					
Called up share capital	19		4,504		4,504
Share premium	20		325,701		325,701
Capital redemption reserve	20		1,632		1,632
Retained earnings	20		4,135,234		3,642,077
Shareholders' funds			<u>4,467,071</u>		<u>3,973,914</u>

The financial statements were approved by the director on 30 September 2019 and were signed by:



R J B Barkey - Director

The notes form part of these financial statements

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Company Balance Sheet
31 December 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	11		986,525		949,302
Tangible assets	12		54,473		49,958
Investments	13		91		1
			<u>1,041,089</u>		<u>999,261</u>
Current assets					
Debtors	14	7,183,889		5,982,729	
Cash at bank and in hand		524,995		491,415	
		<u>7,708,884</u>		<u>6,474,144</u>	
Creditors					
Amounts falling due within one year	15	2,087,238		1,703,524	
Net current assets			<u>5,621,646</u>		<u>4,770,620</u>
Total assets less current liabilities			<u>6,662,735</u>		<u>5,769,881</u>
Creditors					
Amounts falling due after more than one year	16		1,257,852		1,257,852
Net assets			<u>5,404,883</u>		<u>4,512,029</u>
Capital and reserves					
Called up share capital	19		4,504		4,504
Share premium	20		325,701		325,701
Capital redemption reserve	20		1,632		1,632
Retained earnings	20		5,073,046		4,180,192
Shareholders' funds			<u>5,404,883</u>		<u>4,512,029</u>
 Company's profit for the financial year			<u>1,399,148</u>		<u>920,664</u>

The financial statements were approved by the director on 30 September 2019 and were signed by:


R J B Barkey - Director

The notes form part of these financial statements

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2017	3,854	2,972,949	325,701	1,632	3,304,136
Changes in equity					
Issue of share capital	650	-	-	-	650
Dividends	-	(326,119)	-	-	(326,119)
Total comprehensive income	-	995,247	-	-	995,247
Balance at 31 December 2017	<u>4,504</u>	<u>3,642,077</u>	<u>325,701</u>	<u>1,632</u>	<u>3,973,914</u>
Changes in equity					
Dividends	-	(506,295)	-	-	(506,295)
Total comprehensive income	-	999,452	-	-	999,452
Balance at 31 December 2018	<u><u>4,504</u></u>	<u><u>4,135,234</u></u>	<u><u>325,701</u></u>	<u><u>1,632</u></u>	<u><u>4,467,071</u></u>

The notes form part of these financial statements

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Company Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2017	3,854	3,585,647	325,701	1,632	3,916,834
Changes in equity					
Issue of share capital	650	-	-	-	650
Dividends	-	(326,119)	-	-	(326,119)
Total comprehensive income	-	920,664	-	-	920,664
Balance at 31 December 2017	<u>4,504</u>	<u>4,180,192</u>	<u>325,701</u>	<u>1,632</u>	<u>4,512,029</u>
Changes in equity					
Dividends	-	(506,295)	-	-	(506,295)
Total comprehensive income	-	1,399,148	-	-	1,399,148
Balance at 31 December 2018	<u><u>4,504</u></u>	<u><u>5,073,045</u></u>	<u><u>325,701</u></u>	<u><u>1,632</u></u>	<u><u>5,404,882</u></u>

The notes form part of these financial statements

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Consolidated Cash Flow Statement
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	23	497,357	723,542
Interest paid		(82,544)	(50,127)
Tax paid		(18,777)	257,939
Net cash from operating activities		<u>396,036</u>	<u>931,354</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(338,770)	(271,491)
Purchase of tangible fixed assets		(40,438)	(29,358)
Purchase of shares by Imparta		-	(2,095,944)
Interest received		74	1,542
Net cash from investing activities		<u>(379,134)</u>	<u>(2,395,251)</u>
Cash flows from financing activities			
Long term loan		-	438,710
Equity dividends paid		-	(326,119)
Dividends paid on behalf of TCG		-	326,351
Net cash from financing activities		<u>-</u>	<u>438,942</u>
Increase/(decrease) in cash and cash equivalents		<u>16,902</u>	<u>(1,024,955)</u>
Cash and cash equivalents at beginning of year	24	<u>606,355</u>	<u>1,602,388</u>
Effect of foreign exchange rate changes		-	28,922
Cash and cash equivalents at end of year	24	<u><u>623,257</u></u>	<u><u>606,355</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2018**

1. Statutory information

Imparta Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the group and rounded to the nearest £.

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 purchase 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.

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value.

Holiday pay accrual

Short term employee benefits are charged to the profit and loss account as the employee service is received, resulting in the company recognising a liability for holiday pay at the year end. This accrual created is a best estimate based on average staff holiday trends.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

2. Accounting policies - continued

Going concern

The group meets its day-to-day working capital requirements through a number of long term contracts with a number of customers across different geographic areas and industries. The directors have a reasonable expectation that the group will be able to operate within the level of its current facilities and that they have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

The company generates service revenue from licence fees, course fees and service fees. The policies adopted for the recognition of turnover from services rendered are as follows:

Licence fees

Licence fees are earned under software license agreements to end-users.

Turnover 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.

The company generates the following types of service revenue:

Course fees

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

Service fees

Services consist of support arrangements, consulting, tailoring and development services. When the outcome of a transaction can be estimated reliably, turnover from service fees is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to service performed.

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.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Goodwill

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. The Group establishes a reliable estimate of the useful life of goodwill. This estimate is based on a variety of factors such as the expected use of the acquired business, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. 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.

Intangible assets

Costs incurred in the creation of the company's software platforms that meet the criteria required for capitalisation in terms of FRS 102 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 10 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.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

2. Accounting policies - continued

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis 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.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

2. Accounting policies - continued

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

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. The company makes additional contributions towards this scheme in accordance to the UK auto enrolment pension requirements.

Financial instruments policy

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Investments

Other 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

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. The company has convertible loan notes and entered into a new deed of variation for the existing loan agreement. Interest is payable on a quarterly and annual basis.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
United Kingdom	5,141,850	3,193,774
Europe	2,790,873	2,795,621
United States of America	879,075	1,658,947
South America	178,822	142,256
Asia	878,981	1,552,753
Africa	462,421	326,971
Australasia	75,168	-
	<u>10,407,190</u>	<u>9,670,322</u>

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

4. Employees and directors

	2018	2017
	£	£
Wages and salaries	4,702,854	4,301,310
Social security costs	570,839	490,404
Other pension costs	56,211	42,707
	<u>5,329,904</u>	<u>4,834,421</u>

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

	2018	2017
Research & development	17	15
Selling & distribution	42	38
Administrative	23	20
	<u>82</u>	<u>73</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 4 (2017 - NIL).

5. Directors' emoluments

	2018	2017
	£	£
Directors' remuneration	<u>108,812</u>	<u>507,660</u>

6. Interest payable and similar expenses

	2018	2017
	£	£
Loan note interest paid	61,131	29,253
Other interest	21,413	20,874
	<u>82,544</u>	<u>50,127</u>

7. Profit before taxation

The profit is stated after charging/(crediting):

	2018	2017
	£	£
Auditors remuneration	15,750	15,750
Directors remuneration	108,812	507,660
Operating lease rentals - land and buildings	280,774	239,313
Amortisation of intangible fixed assets	301,808	281,680
Depreciation of tangible fixed assets	32,411	24,483
Foreign exchange difference	<u>(37,335)</u>	<u>41,577</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

8. Taxation
Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	18,777	(140,966)
Deferred tax	11,433	-
Tax on profit	<u>30,210</u>	<u>(140,966)</u>

Tax effects relating to effects of other comprehensive income

	Gross	Tax	2018
	£	£	Net
	£	£	£
Exchange differences on retranslation	<u>(1,397)</u>	<u>-</u>	<u>(1,397)</u>
	Gross	Tax	2017
	£	£	Net
	£	£	£
Exchange differences on retranslation	<u>28,769</u>	<u>-</u>	<u>28,769</u>

9. Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. Dividends

	2018	2017
	£	£
Interim	<u>506,295</u>	<u>326,119</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

11. Intangible fixed assets

Group

	Goodwill £	Patents and trademarks £	Platform development £	Formation costs £	Totals £
Cost					
At 1 January 2018	288,415	44,076	1,768,132	7,883	2,108,506
Additions	-	2,573	336,197	-	338,770
Exchange differences	-	(123)	(163)	(214)	(500)
At 31 December 2018	288,415	46,526	2,104,166	7,669	2,446,776
Amortisation					
At 1 January 2018	115,367	17,490	1,017,733	7,883	1,158,473
Amortisation for year	14,420	4,411	282,977	-	301,808
Exchange differences	-	(90)	(163)	(214)	(467)
At 31 December 2018	129,787	21,811	1,300,547	7,669	1,459,814
Net book value					
At 31 December 2018	158,628	24,715	803,619	-	986,962
At 31 December 2017	173,048	26,586	750,399	-	950,033

Company

	Goodwill £	Patents and trademarks £	Platform development £	Totals £
Cost				
At 1 January 2018	288,415	41,338	1,759,954	2,089,707
Additions	-	2,573	336,197	338,770
At 31 December 2018	288,415	43,911	2,096,151	2,428,477
Amortisation				
At 1 January 2018	115,367	15,482	1,009,556	1,140,405
Amortisation for year	14,420	4,150	282,977	301,547
At 31 December 2018	129,787	19,632	1,292,533	1,441,952
Net book value				
At 31 December 2018	158,628	24,279	803,618	986,525
At 31 December 2017	173,048	25,856	750,398	949,302

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

12. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
Cost				
At 1 January 2018	327,073	66,398	176,380	569,851
Additions	2,200	238	38,000	40,438
Exchange differences	(10)	-	(68)	(78)
At 31 December 2018	329,263	66,636	214,312	610,211
Depreciation				
At 1 January 2018	320,838	58,556	139,118	518,512
Charge for year	2,232	4,531	25,648	32,411
Exchange differences	(10)	-	(26)	(36)
At 31 December 2018	323,060	63,087	164,740	550,887
Net book value				
At 31 December 2018	6,203	3,549	49,572	59,324
At 31 December 2017	6,235	7,842	37,262	51,339

Company

	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
Cost				
At 1 January 2018	326,851	66,397	171,865	565,113
Additions	2,200	238	32,945	35,383
At 31 December 2018	329,051	66,635	204,810	600,496
Depreciation				
At 1 January 2018	320,616	58,555	135,984	515,155
Charge for year	2,232	4,531	24,105	30,868
At 31 December 2018	322,848	63,086	160,089	546,023
Net book value				
At 31 December 2018	6,203	3,549	44,721	54,473
At 31 December 2017	6,235	7,842	35,881	49,958

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

13. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 January 2018	1
Additions	90
	<hr/>
At 31 December 2018	91
	<hr/>
Net book value	
At 31 December 2018	91
	<hr/>
At 31 December 2017	1
	<hr/>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Imparta Pty Ltd.

Registered office: Australia

Nature of business: Sales and marketing training services

Class of shares:	%
Ordinary	holding 100.00

Imparta, Inc.

Registered office: United States of America

Nature of business: Sales and marketing training services

Class of shares:	%
Ordinary	holding 100.00

14. Debtors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	2,369,731	2,466,006	2,300,340	2,298,975
Amounts owed by group undertakings	2,824,250	2,090,258	3,811,355	2,945,706
Other debtors	50,083	71,598	46,454	69,318
Deferred tax asset	214,621	226,053	214,621	226,054
Prepayments and accrued income	822,465	449,994	811,119	442,676
	<hr/>	<hr/>	<hr/>	<hr/>
	6,281,150	5,303,909	7,183,889	5,982,729
	<hr/>	<hr/>	<hr/>	<hr/>

Deferred tax asset

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax	214,621	226,053	214,621	226,054
	<hr/>	<hr/>	<hr/>	<hr/>

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

15. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 17)	-	91,857	-	91,857
Trade creditors	277,919	338,113	255,323	292,090
Social security and other taxes	179,958	199,626	171,813	197,725
VAT	108,659	-	108,659	-
Other creditors	341,085	104,670	300,632	104,670
Accruals and deferred income	1,318,149	1,037,461	1,250,811	1,017,182
	<u>2,225,770</u>	<u>1,771,727</u>	<u>2,087,238</u>	<u>1,703,524</u>

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Debentures (see note 17)	<u>1,257,852</u>	<u>1,257,852</u>	<u>1,257,852</u>	<u>1,257,852</u>

17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>-</u>	<u>91,857</u>	<u>-</u>	<u>91,857</u>
Amounts falling due between one and two years:				
Debentures - 1-2 years	422,900	422,900	422,900	422,900
Debentures - 2-5 years	<u>834,952</u>	<u>834,952</u>	<u>834,952</u>	<u>834,952</u>
	<u>1,257,852</u>	<u>1,257,852</u>	<u>1,257,852</u>	<u>1,257,852</u>

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 (£431,878 after general expenses). 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.

On 22 June 2015 the company entered into a 5% unsecured loan agreement with a Non-Executive Director (the lender) raising £387,263. This loan agreement has been amended under a deed of variation of facility agreement on 2 June 2017 to amend the final repayment date. Under the new deed of variation, the company now has the right to repay part or all of the loan at any time up to the final repayment date of 30 June 2020. On 15 September 2018, a further loan £447,689 of 5% loan notes were issued to a non-executive directors. The loan notes are repayable in 2020.

18. Leasing agreements

Minimum lease payments fall due as follows:

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

Group	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	279,805	245,204
Between one and five years	223,445	350,739
	<u>503,250</u>	<u>595,943</u>

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
180,176	Ordinary	2.5p	<u>4,504</u>	<u>4,504</u>

20. Reserves

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2018	3,642,077	325,701	1,632	3,969,410
Profit for the year	1,000,849	-	-	1,000,849
Dividends	(506,295)	-	-	(506,295)
Exchange loss arising on consolidation - AUS	13,077	-	-	13,077
Exchange loss arising on consolidation - US	(14,474)	-	-	(14,474)
At 31 December 2018	<u>4,135,234</u>	<u>325,701</u>	<u>1,632</u>	<u>4,462,567</u>

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2018	4,180,193	325,701	1,632	4,507,526
Profit for the year	1,399,148	-	-	1,399,148
Dividends	(506,295)	-	-	(506,295)
At 31 December 2018	<u>5,073,046</u>	<u>325,701</u>	<u>1,632</u>	<u>5,400,379</u>

21. Related party disclosures

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Purchases relating to office space rental totalling £23,400 (2017: £29,250) were made from the director. No balance was outstanding at the year end.

IMPARTA LIMITED (REGISTERED NUMBER: 03370400)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

22. Ultimate controlling party

The immediate parent company is The Capability Group Limited.

23. Reconciliation of profit before taxation to cash generated from operations

	2018	2017
	£	£
Profit before taxation	1,031,059	825,512
Depreciation charges	334,219	306,164
Loss on disposal of fixed assets	-	203
Finance costs	82,544	50,127
Finance income	(74)	(1,542)
	1,447,748	1,180,464
Decrease in stocks	-	11,497
Increase in trade and other debtors	(1,495,990)	(983,177)
Increase in trade and other creditors	545,599	514,758
Cash generated from operations	497,357	723,542

24. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	623,257	698,212
Bank overdrafts	-	(91,857)
	623,257	606,355

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	698,212	1,602,388
Bank overdrafts	(91,857)	-
	606,355	1,602,388

25. Pensions and other post-retirement benefits

Defined contribution pension plans

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 £46,599 (2017: £24,689).