IMPARTA LIMITED

Group Strategic Report,

Director's Report and

Consolidated Financial Statements

for the Year Ended 31 December 2020

IMPARTA LIMITED

Contents of the Consolidated Financial Statements for the year ended 31 December 2020

Company Information
for the year ended 31 December 2020

Director:	R J B Barkey
Registered office:	522/524 Fulham Road 2nd Floor Office Suite London SW6 5NR
Registered number:	03370400 (England and Wales)
Auditors:	Haines Watts Chartered Accountants and 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 2020

The director presents his strategic report of the company and the group for the year ended 31 December 2020.

Performance and financial review
We had been anticipating a year of strong growth in 2020 before the onset of Covid-19, and the strategic initiatives we put in place in 2019, along with an early pivot to virtual training, allowed Imparta to be more resilient in 2020 than many training companies. We limited the impact of the pandemic to a 16% fall in revenue and returned to profitability, with EBITDA of £590,231 in 2020 (an increase of £1.35m over 2019). The highlight figures for 2020 were:

- Turnover decreased by 16%, from £7,255,507 to £6,109,438
- EBITDA increased to a profit of £590,231 from a loss of £754,767 in 2019
- Profit before tax in 2020 was £129,888 compared to a loss of £1,226,251 in 2019
- Total assets less current liabilities decreased from £4,571,027 to £4,438,977

In common with many businesses, including most of the professional training sector, Imparta faced a challenging trading environment in 2020. The main issues were:

- Several clients were in sectors directly affected by the pandemic, and cut much of their external spend, including training.
- A number of other clients deferred significant training spend while they adjusted to the pandemic (this was still happening as late as December 2020).
- Some of the remaining decision-makers were unwilling to switch to virtual training, preferring to wait until in-person training could recommence.
- Brexit continued to have a negative impact. Our European revenue fell by 76%, from £2,537,500 in 2019 to £1,682,943 in 2020. While we took steps to mitigate the direct impact (for example by increasing our European trainer bench, creating an EU-based entity and investing more in translation), we believe the attitudinal impact was still significant.

Despite these challenges, we managed to limit the revenue decline in 2020, through:

An early pivot to virtual training. We recognised the potential for disruption from Covid-19 early on, and started to migrate clients proactively to virtual training in January 2020. We also created pandemic-related learning content early in the year, and this content generated significant revenue and new client relationships throughout 2020. It included:
- Virtual Instructor-Led Training (VILT) and eLearning around Virtual Selling, Virtual Sales Management and Mastering Virtual Presence.
- A range of Business-Critical Interventions to help companies deal with issues emerging from their own customers' responses to Covid-19, including dealing with stalled sales pipelines, handling difficult customer conversations, and dealing with Procurement demands for price cuts and extended payment terms.

The positive impact of a range of strategic initiatives undertaken in 2019 and continuing throughout 2020. These included:
- A complete brand refresh, with significantly greater appeal and differentiation.
- A more differentiated market positioning based on our 3D Advantage® IP.
- A redesigned and extended modular curriculum with improved research, quality, consistency and learning effectiveness.
- Significant and ongoing upgrades to our i-Coach® learning experience platform, including a new native mobile app.
- The creation of a new eLearning approach that is more research-based, appealing, bite-sized and cross-platform, and supported by Application Playbooks. This is being rolled out across our whole curriculum.
- The creation of a second complete curriculum around Customer Experience (CX), based on our previous IP plus new research.

An increase in contractual Annual Recurring Revenue.
- Imparta has historically enjoyed a strong level of recurring revenue from clients where we have a Master Services Agreement in place.
- In 2019 we began a strategic shift towards more contractual ARR, with the introduction of our Training as a Service (TaaS). This has significant benefits for clients (giving them more operational flexibility and increased value), but also increases the level of contractual ARR for Imparta. This proved beneficial during 2020, as TaaS revenue increased from £59k in 2019 to £468k in 2020. Further significant increases are expected in 2021 and beyond.

Growth in the UK and US markets. Imparta's UK revenue grew by 13% (from £3.18m in 2019 to £3.59m in 2020). US revenue grew by 46%, from £1.18, to £1.72m.

The impact of these positive factors is perhaps best illustrated by noting that we estimate £3.5m of new business won in 2020 was then postponed due to the pandemic.
In addition to limiting the revenue impact of the pandemic, we were able to bring costs down to increase profitability:

- We reduced cost of sales by 39% from £1.73m to £1.06m. This was in part thanks to fewer expenses (with less travel for client meetings and to deliver training), but was mostly due to a shift in revenue from service revenue to higher-margin IP revenue as we rolled out the more standardised curriculum, the enhanced i-Coach® platform, and the TaaS model noted above.
- We also reduced fixed costs by 32%, from £6.64m to £4.88m. This reflected cost savings driven by standardization & the TaaS model, and the implementation of new end-to-end systems based on Salesforce, including integrated project management and invoicing. These costs savings were facilitated by a limited use of the furlough scheme and a period where a number of employees worked 4-day weeks.

Strategy and operations
Imparta's mission remains to deliver and measure significant, sustainable performance improvements for customer-facing roles such as sales, customer success and customer experience, to a global client base. We combine world-class research, content and methodologies into a fully modular curriculum that offers flexibility between instructor-led, virtual instructor-led, manager-led and eLearning approaches. Our lean change processes help clients make the training stick, and to deliver and measure genuine positive impact. Our 2021 strategy includes:

- Leveraging our strong strategic position (including the new branding and competitive positioning, and our full modular curricula in Sales/Customer Success, Leadership and Customer Experience) to drive up revenue through increased investment in sales, marketing and account growth.
- Continuing our shift towards IP-based rather than service-based revenue, and towards contractual ARR and the TaaS model, for the mutual benefit of Imparta and its clients.
- Continuing and accelerating investment into our i-Coach® learning experience platform, to realise the ambitious vision we have developed for it over the last 2 years. i-Coach underpins our TaaS model, but also has the potential to compete in the sales enablement/learning experience market in its own right.
- Increasing geographic diversification, including additional investments into North America.

We will also continue to mitigate any economic risk by maintaining a low fixed cost base, leveraging the increased productization of our learning materials and client support processes. This more variable cost base protects against future demand volatility, and we are protecting ourselves further by diversifying regionally, and working to increase our % of contractual ARR, as noted above.

Principal risks and uncertainties
We are at this stage anticipating a year of growth in revenue and profitability in 2021, but there the principal risks to the business include:

- The economic and practical impact of the pandemic. At the time of writing, vaccine rollout is progressing at different rates across the world, and mutations of the virus remain a concern. There is also continued risk of further global economic slowdown in the wake of the pandemic. These factors pose a risk to the timing and level of spend on training initiatives, although many businesses remain committed to investing in employee development as part of their revised go-to-market and employee welfare strategies. We will mitigate any residual risk through control of fixed costs and a shift to ARR, as noted above.
- 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.
- The ongoing impact of Brexit. We have established a European trading company and grown our bench of European-based trainers. Even while local delivery is less of an issue, this team appeals to a less UK-facing set of decision-makers. When in-person training recommences, we have local printing in place to eliminate cross-border shipping.

Group Strategic Report
for the year ended 31 December 2020

Research and development activities
As noted above, the group continued to invest significantly in research and development during the period, including:

- The continued development extension of our i-Coach® learning portal and a new mobile app, i-Coach GO.
- A research-driven rebuild of our extensive core curriculum, covering both methodology and learning design.
- The creation and implementation of a new eLearning module structure and design.

On behalf of the board:

R J B Barkey

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R J B Barkey - Director

Date: 16/09/2021

Director's Report
for the year ended 31 December 2020

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2020.

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 continues to focus its activities around three areas: sales, service and sales through service.

Dividends
The total distribution of dividends for the year ended 31 December 2020 will be £196,392 (2019: £414,405.)

Director
R J B Barkey held office during the whole of the period from 1 January 2020 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:

RJB Barkey
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R J B Barkey - Director

Date: 16/09/2021

Opinion

We have audited the financial statements of Imparta Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 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 2020 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.

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Director's view on the impact of COVID-19 is disclosed within the accounting policies note.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Haines Watts

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

Date: 20/09/2021

Consolidated Income Statement
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	**6,109,438**	7,255,507
Cost of sales		**(1,063,882)**	(1,731,722)
Gross profit		**5,045,556**	5,523,785
Research and development costs		**(111,253)**	(238,693)
Selling and distribution costs		**(2,716,893)**	(4,153,693)
Administrative expenses		**(1,662,020)**	(1,778,583)
Foreign exchange (loss)/gain		**(39,870)**	(105,832)
Other operating income		**74,711**	-
EBITDA		**590,231**	(753,016)
Depreciation and amortisation		**(347,791)**	(367,931)
Interest receivable and similar income		**3**	64
Interest payable and similar expenses	6	**(112,556)**	(105,365)
(Loss)/profit before taxation	7	**129,887**	(1,226,251)
Tax on (loss)/profit	8	**(179,015)**	517,731
(Loss)/profit for the financial year		**(49,128)**	(708,521)
(Loss)/profit attributable to:			
Owners of the parent		**(49,128)**	(708,521)

The notes form part of these financial statements

Consolidated Other Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Loss for the year		**(49,128)**	(708,521)
Other comprehensive income			
Exchange differences on retranslation		**180**	36,470
Income tax relating to other comprehensive income		**-**	-
Other comprehensive income for the year, net of income tax		**180**	36,470
Total comprehensive income for the year		**(48,948)**	(672,051)
Total comprehensive income attributable to:			
Owners of the parent		**(48,948)**	(672,051)

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	11		**745,054**		889,716
Tangible assets	12		**26,802**		41,334
Investments	13		**-**		-
			771,856		931,050
Current assets					
Debtors	14	**5,544,930**		5,738,554	
Cash at bank and in hand		**586,649**		334	
		6,131,579		5,738,888	
Creditors					
Amounts falling due within one year	15	**2,464,458**		2,098,911	
Net current assets			**3,667,121**		3,639,977
Total assets less current liabilities			**4,438,977**		4,571,027
Creditors					
Amounts falling due after more than one year	16		**1,303,702**		1,190,412
Net assets			**3,135,275**		3,380,615
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		**2,803,438**		3,048,778
Shareholders' funds			**3,135,275**		3,380,615

The financial statements were approved by the director and authorised for issue on 16/09/2021 and were signed by:

R J B Barkey

R J B Barkey - Director

The notes form part of these financial statements

Company Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	11		745,053		889,548
Tangible assets	12		25,228		39,224
Investments	13		91		91
			770,372		928,863
Current assets					
Debtors	14	6,726,227		6,555,957	
Cash at bank and in hand		420,212		334	
		7,146,439		6,556,291	
Creditors					
Amounts falling due within one year	15	2,333,575		1,770,320	
Net current assets			4,812,864		4,785,971
Total assets less current liabilities			5,583,236		5,714,834
Creditors					
Amounts falling due after more than one year	16		1,303,702		1,190,412
Net assets			4,279,534		4,524,422
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		3,947,697		4,192,585
Shareholders' funds			4,279,534		4,524,422
Company's loss for the financial year			(48,496)		(466,056)

The financial statements were approved by the director and authorised for issue on 16\09\2021 and were signed by:

R J B Barkey

R J B Barkey - Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	4,504	4,135,234	325,701	1,632	4,467,071
Changes in equity					
Dividends	-	(414,405)	-	-	(414,405)
Total comprehensive income	-	(672,051)	-	-	(672,051)
Balance at 31 December 2019	4,504	3,048,778	325,701	1,632	3,380,615
Changes in equity					
Dividends	-	(196,392)	-	-	(196,392)
Total comprehensive income	-	(48,948)	-	-	(48,948)
Balance at 31 December 2020	4,504	2,803,438	325,701	1,632	3,135,275

The notes form part of these financial statements

Company Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	4,504	5,073,046	325,701	1,632	5,404,883
Changes in equity					
Dividends	-	(414,405)	-	-	(414,405)
Total comprehensive income	-	(466,056)	-	-	(466,056)
Balance at 31 December 2019	4,504	4,192,585	325,701	1,632	4,524,422
Changes in equity					
Dividends	-	(196,392)	-	-	(196,392)
Total comprehensive income	-	(48,496)	-	-	(48,496)
Balance at 31 December 2020	4,504	3,947,697	325,701	1,632	4,279,534

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	23	**981,450**	(791,405)
Interest paid		**(112,556)**	(105,369)
Tax paid		**(7,108)**	60,738
Net cash from operating activities		**861,786**	(836,036)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(175,454)**	(238,319)
Purchase of tangible fixed assets		**(13,036)**	(14,580)
Interest received		**4**	64
Net cash from investing activities		**(188,486)**	(252,835)
Cash flows from financing activities			
Long term loan		**500,000**	350,000
Loan repayments in year		**(274,645)**	-
Equity dividends paid		**(196,392)**	-
Net cash from financing activities		**28,963**	350,000
Increase/(decrease) in cash and cash equivalents		**702,263**	(738,871)
Cash and cash equivalents at beginning of year	24	**(115,614)**	623,257
Cash and cash equivalents at end of year	24	**586,649**	(115,614)

The notes form part of these financial statements

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 £.

Going Concern
The financial statements have been prepared on a going concern basis. The Director has reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment.

The group has a mixture of income streams with a combination of contractual and general sales. Some parts of the business have been impacted negatively by COVID-19 whilst others have seen an increase in business. There will be an impact to current year profitability and cash flow however this impact is manageable. There is a degree of some uncertainty around future non contracted sales pending rules on relaxation of lockdown.

The group has secured COVID-19 governmental support and will reduce costs in line with sales wherever possible. For these reasons the director believes there are sufficient funds available within the company for the business to operate as a going concern.

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.

2. **Accounting policies - continued**

Significant judgements and estimates
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.

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.

2. **Accounting policies - continued**

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.

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.

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.

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.

2. **Accounting policies - continued**

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 (2019 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	**3,618,892**	3,177,795
Europe	**605,442**	2,537,500
United States of America	**1,719,210**	1,235,242
Asia	**153,126**	223,388
Africa	**4,031**	60,749
Australasia	**8,737**	20,833
	6,109,438	7,255,507

4. **Employees and directors**

	2020	2019
	£	£
Wages and salaries	**3,191,805**	4,332,530
Social security costs	**347,144**	481,085
Other pension costs	**55,460**	69,983
	3,594,409	4,883,598

4. Employees and directors - continued

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

	2020	2019
Research & development	5	7
Selling & distribution	39	42
Administrative	13	16
	57	65

The average number of employees by undertakings that were proportionately consolidated during the year was 4 (2019 - 4).

5. Directors' emoluments

	2020	2019
	£	£
Director's remuneration	109,426	109,165

6. Interest payable and similar expenses

	2020	2019
	£	£
Loan note interest paid	73,436	62,893
Other interest	39,120	42,476
	112,556	105,369

7. Profit/(loss) before taxation

The profit is stated after charging/(crediting):

	2020	2019
	£	£
Auditors remuneration	20,000	20,000
Directors remuneration	109,426	109,165
Operating lease rentals - land and buildings	172,939	266,985
Amortisation of intangible fixed assets	320,121	335,547
Depreciation of tangible fixed assets	27,670	32,383
Foreign exchange difference	(39,870)	105,832

8. Taxation

Analysis of the tax (credit)/charge
The tax (credit)/charge on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
Corporation tax	(32,870)	(276,518)
Prior year adjustments	7,108	(74,454)
Deferred tax	204,777	(166,759)
Tax on (loss)/profit	179,015	(517,731)

Tax effects relating to other comprehensive income

	2020	2019
	£	£
Exchange differences on retranslation	180	36,470

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

	2020	2019
	£	£
Interim	196,392	414,405

11. Intangible fixed assets

Group

	Goodwill	Patents and trademarks	Platform development	Formation costs	Totals
	£	£	£	£	£
Cost					
At 1 January 2020	288,415	51,455	2,337,311	7,542	2,684,723
Additions	-	-	175,454	-	175,454
At 31 December 2020	288,415	51,455	2,512,765	7,542	2,860,177
Amortisation					
At 1 January 2020	144,208	26,136	1,617,121	7,542	1,795,007
Amortisation for year	14,420	4,326	301,370	-	320,116
At 31 December 2020	158,628	30,462	1,918,491	7,542	2,115,123
Net book value					
At 31 December 2020	129,787	20,993	594,274	-	745,054
At 31 December 2019	144,207	25,319	720,190	-	889,716

11. **Intangible fixed assets - continued**

Company

	Goodwill £	Patents and trademarks £	Platform development £	Totals £
Cost				
At 1 January 2020	288,415	48,946	2,329,435	2,666,796
Additions	-	-	175,454	175,454
At 31 December 2020	288,415	48,946	2,504,889	2,842,250
Amortisation				
At 1 January 2020	144,208	23,794	1,609,246	1,777,248
Amortisation for year	14,420	4,159	301,370	319,949
At 31 December 2020	158,628	27,953	1,910,616	2,097,197
Net book value				
At 31 December 2020	129,787	20,993	594,273	745,053
At 31 December 2019	144,207	25,152	720,189	889,548

12. **Tangible fixed assets**

Group

	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
Cost				
At 1 January 2020	329,254	72,446	223,212	624,912
Additions	-	7,117	5,919	13,036
At 31 December 2020	329,254	79,563	229,131	637,948
Depreciation				
At 1 January 2020	325,221	65,418	192,939	583,578
Charge for year	1,551	3,018	22,999	27,568
At 31 December 2020	326,772	68,436	215,938	611,146
Net book value				
At 31 December 2020	2,482	11,127	13,193	26,802
At 31 December 2019	4,033	7,028	30,273	41,334

12. Tangible fixed assets - continued

Company

	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
Cost				
At 1 January 2020	329,051	72,445	213,580	615,076
Additions	-	7,117	4,618	11,735
At 31 December 2020	329,051	79,562	218,198	626,811
Depreciation				
At 1 January 2020	325,018	65,417	185,417	575,852
Charge for year	1,551	3,018	21,162	25,731
At 31 December 2020	326,569	68,435	206,579	601,583
Net book value				
At 31 December 2020	2,482	11,127	11,619	25,228
At 31 December 2019	4,033	7,028	28,163	39,224

13. Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2020 and 31 December 2020	91
Net book value	
At 31 December 2020	91
At 31 December 2019	91

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:	% holding
Ordinary	100.00

Imparta, Inc.
Registered office: United States of America
Nature of business: Sales and marketing training services

Class of shares:	% holding
Ordinary	100.00

13. Fixed asset investments - continued

Imparta Europe Limited
Registered office: Republic of Ireland
Nature of business: Sales and marketing training services

	% holding
Class of shares:	
Ordinary	100.00

14. Debtors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,996,369	1,599,070	1,561,172	1,374,359
Amounts owed by group undertakings	2,820,437	2,816,550	4,508,471	3,868,557
Other debtors	28,061	34,096	28,061	34,096
Tax	323,103	290,234	323,103	290,234
Deferred tax asset	176,605	381,380	176,605	381,380
Prepayments and accrued income	200,355	617,224	128,815	607,331
	5,544,930	5,738,554	6,726,227	6,555,957

Deferred tax asset

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Accelerated capital allowances	1,620	323	1,620	323
Tax losses carried forward	174,985	381,057	174,985	381,057
	176,605	381,380	176,605	381,380

15. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Debentures (see note 17)	324,837	141,872	324,837	141,872
Bank loans and overdrafts (see note 17)	31,250	115,948	31,250	126,817
Other loans (see note 17)	77,850	180,000	77,850	180,000
Trade creditors	277,058	188,472	257,392	165,178
Social security and other taxes	99,573	107,619	97,523	106,323
VAT	170,756	50,173	170,756	50,173
Other creditors	139,365	176,933	82,349	164,816
Accruals and deferred income	1,343,769	1,137,894	1,291,618	835,141
	2,464,458	2,098,911	2,333,575	1,770,320

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Debentures (see note 17)	**834,952**	1,115,980	**834,952**	1,115,980
Bank loans (see note 17)	**468,750**	-	**468,750**	-
Other loans (see note 17)	**-**	74,432	**-**	74,432
	1,303,702	1,190,412	**1,303,702**	1,190,412

17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Debentures	**324,837**	141,872	**324,837**	141,872
Bank overdrafts	**-**	115,948	**-**	126,817
Bank loans	**31,250**	-	**31,250**	-
Other loans	**77,850**	180,000	**77,850**	180,000
	433,937	437,820	**433,937**	448,689
Amounts falling due between one and two years:				
Debentures - 1-2 years	**-**	281,028	**-**	281,028
Debentures - 2-5 years	**-**	834,952	**-**	834,952
Bank loans - 1-2 years	**250,000**	-	**250,000**	-
Other loans - 1-2 years	**-**	74,432	**-**	74,432
	250,000	1,190,412	**250,000**	1,190,412
Amounts falling due between two and five years:				
Debentures - 2-5 years	**834,952**	-	**834,952**	-
Bank loans - 2-5 years	**218,750**	-	**218,750**	-
	1,053,702	-	**1,053,702**	-

17. Loans - continued

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 2021. 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 2023. On 15 September 2018, a further loan £447,689 of 6.5% loan notes were issued to a non-executive director. The loan notes are repayable in 2023.

On 29 March 2019 the company entered into a 15.6% unsecured loan agreement with Spotcap (the lender) raising £350,000. The company has the right to repay part or all of the loan at any time up to the final repayment date of 04 May 2021. The loan is repayable in 2021.

On 24 September 2020 the company entered into a 2.28% plus base rate unsecured loan agreement with Lloyds Bank Plc through the Coronavirus Business Interruption Loan Scheme (CBILS) raising £500,000. The company has the right to repay part or all of the loan at any time up to the final repayment date of 24 September 2025.

18. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2020	**2019**
	£	**£**
Within one year	**43,276**	194,244
Between one and five years	**291,332**	29,201
In more than five years	**49,534**	-
	384,142	223,445

19. Called up share capital

Allotted, issued and fully paid:

Number:	**Class:**	**Nominal value:**	**2020 £**	**2019 £**
180,176	Ordinary	2.5p	**4,504**	4,504

20. Reserves

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2020	3,048,778	325,701	1,632	3,376,111
Deficit for the year	(49,128)	-	-	(49,128)
Dividends	(196,392)	-	-	(196,392)
Exchange differences on retranslation	180	-	-	180
At 31 December 2020	2,803,438	325,701	1,632	3,130,771

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2020	4,192,585	325,701	1,632	4,519,918
Deficit for the year	(48,496)	-	-	(48,496)
Dividends	(196,392)	-	-	(196,392)
At 31 December 2020	3,947,697	325,701	1,632	4,275,030

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 (2019: £23,400) were made from the director. No balance was outstanding at the year end.

22. Ultimate controlling party

The immediate parent company is The Capability Group Limited.

23. **Reconciliation of profit/(loss) before taxation to cash generated from operations**

	2020	2019
	£	£
Profit/(loss) before taxation	129,888	(1,226,252)
Depreciation charges	347,517	367,931
Revaluation Reserve	180	36,674
Finance costs	112,556	105,369
Finance income	(4)	(64)
	590,137	(716,342)
Decrease in trade and other debtors	21,911	585,156
Increase/(decrease) in trade and other creditors	369,402	(660,219)
Cash generated from operations	981,450	(791,405)

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 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	586,649	334
Bank overdrafts	-	(115,948)
	586,649	(115,614)

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	334	623,257
Bank overdrafts	(115,948)	-
	(115,614)	623,257

25. **Analysis of changes in net debt**

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank and in hand	334	586,315	586,649
Bank overdrafts	(115,948)	115,948	-
	(115,614)	702,263	586,649
Debt			
Debts falling due within 1 year	(321,872)	(112,065)	(433,937)
Debts falling due after 1 year	(1,190,412)	(113,290)	(1,303,702)
	(1,512,284)	(225,355)	(1,737,639)
Total	(1,627,898)	476,908	(1,150,990)

26. Pensions and other post-retirement benefits

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 £55,460 (2019: £56,735).