

Registration number 03603214

**THE TRAINING FOUNDATION LIMITED**

**Directors' report and financial statements**

**for the year ended 30 April 2004**



# THE TRAINING FOUNDATION LIMITED

## Company information

Directors	N J Mitchell C P Shepherd L Hobbs A L M Galilee
Secretary	J Mitchell
Company number	03603214
Registered office	Foundation House Milburn Hill Road Coventry West Midlands CV4 7EZ
Auditors	Varney Barfield and Company Limited 17 The Square Kenilworth Warwickshire CV8 1EF

# **THE TRAINING FOUNDATION LIMITED**

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# THE TRAINING FOUNDATION LIMITED

## Directors' report for the year ended 30 April 2004

The directors present their report and the financial statements for the year ended 30 April 2004.

### Principal activity and review of the business

The principal activity of the company is that of the provision of training and support services to the learning and development sector.

The Company had a successful year given the continuing difficulties in the IT training sector, which has historically provided its major client base.

Total revenues showed a marginal increase over the preceeding 12 months, however, increased revenues and higher margins from the Trainer Assessment Programme (TAP), the Foundation's highly innovative and unique flagship programme, enabled the Company to report pre-tax profits of £240,941.

It is notable that the Company invested a further £369,413 in developing its software authoring product, now trademarked Acce-Lerator, this investment was all written off to the profit and loss account. Underlying profitability for the year was therefore £610,354.

The investment in Research and Development takes the total development costs of Acce-Lerator, and the course programmes which make up the Company's two Certification Programmes, (TAP®) and e-Learning Certification (CeLP®), to in excess of £2m during the last five years. All of this expenditure has been written off to the profit and loss account and hence the balance sheet shows no intangible assets to amortise in future accounting periods.

In TAP, CeLP and Acce-Lerator, the Company now has the leading products in their respective fields in Learning and Development. The Directors are confident that revenues and profits will continue to grow as a result. This was evidenced by the company being awarded a major contract in February 2004 by Ufi Limited which, with subsequent incremental contracts, aggregates to revenues in excess of £1m.

### Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		30/04/04	01/05/03
		or date of appointment	
N J Mitchell		100	100
A Snook	Resigned 26 May 2003	-	-
C Steed		-	-
C P Shepherd	Resigned 12 September 2003	-	-
L Hobbs		-	-
A L M Galilee		-	-

## **THE TRAINING FOUNDATION LIMITED**

### **Directors' report for the year ended 30 April 2004**

#### **Directors' responsibilities**

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

- select suitable accounting policies and apply them consistently;
- make judgements and 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.

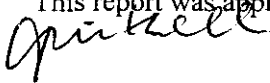
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Varney Barfield and Company Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 25 January 2005 and signed on its behalf by



**J Mitchell**  
**Secretary**

## **THE TRAINING FOUNDATION LIMITED**

### **Independent auditors' report to the shareholders of THE TRAINING FOUNDATION LIMITED**

We have audited the financial statements of THE TRAINING FOUNDATION LIMITED for the year ended 30 April 2004 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors report, the Chairman's Statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**THE TRAINING FOUNDATION LIMITED**

**Independent auditors' report to the shareholders of THE TRAINING FOUNDATION LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Varney Barfield and Company Limited**

**Registered Auditors**

**28 January 2005**

**17 The Square**

**Kenilworth**

**Warwickshire**

**CV8 1EF**

# THE TRAINING FOUNDATION LIMITED

## Profit and loss account for the year ended 30 April 2004

		Year ended 30/04/04	Sixteen months ended 30/04/03
	Notes	£	£
Turnover	2	2,058,650	2,775,360
Cost of sales		(952,346)	(1,684,572)
Gross profit		1,106,304	1,090,788
Administrative expenses		(810,152)	(1,210,766)
Operating profit/(loss)	3	296,152	(119,978)
Other interest receivable and similar income		1	2,010
Interest payable and similar charges		(55,212)	(60,562)
Profit/(loss) on ordinary activities before taxation		240,941	(178,530)
Tax on profit/(loss) on ordinary activities	5	26,157	104,541
Profit/(loss) on ordinary activities after taxation		267,098	(73,989)
Dividends		(71,000)	(200,000)
Retained profit/(loss) for the year		196,098	(273,989)
Retained profit brought forward		498,587	772,576
Retained profit carried forward		694,685	498,587

The notes on pages 7 to 12 form an integral part of these financial statements.



# THE TRAINING FOUNDATION LIMITED

## Balance sheet as at 30 April 2004

		30/04/04		30/04/03	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		1,124,927		1,130,647
<b>Current assets</b>					
Stocks		28,051		37,086	
Debtors	7	1,000,663		1,622,484	
Cash at bank and in hand		123,358		854	
		<u>1,152,072</u>		<u>1,660,424</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(547,847)</u>		<u>(1,285,773)</u>	
<b>Net current assets</b>			<u>604,225</u>		<u>374,651</u>
<b>Total assets less current liabilities</b>			1,729,152		1,505,298
<b>Creditors: amounts falling due after more than one year</b>	9		(800,817)		(759,874)
<b>Provisions for liabilities and charges</b>	10		-		(13,187)
<b>Net assets</b>			<u>928,335</u>		<u>732,237</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Revaluation reserve	13		233,550		233,550
Profit and loss account	13		694,685		498,587
<b>Shareholders' funds</b>			<u>928,335</u>		<u>732,237</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 25 January 2005 and signed on its behalf by



**N J Mitchell**  
**Director**

The notes on pages 7 to 12 form an integral part of these financial statements.

# THE TRAINING FOUNDATION LIMITED

## Notes to the financial statements for the year ended 30 April 2004

### 1. Accounting policies

#### 1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### 1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

#### 1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	3 to 5 years

#### 1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5. Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

#### 1.7. Deferred taxation

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

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

# THE TRAINING FOUNDATION LIMITED

## Notes to the financial statements for the year ended 30 April 2004

..... continued

	Year ended 30/04/04 £	Sixteen months ended 30/04/03 £
<b>3. Operating profit/(loss)</b>		
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off tangible assets	48,898	51,911
Auditors' remuneration	8,000	8,500
and after crediting:		
Profit on disposal of tangible fixed assets	109	-
<b>4. Directors' emoluments</b>		
	Year ended 30/04/04 £	Sixteen months ended 30/04/03 £
Remuneration and other benefits	99,648	259,637
<b>5. Tax on profit/(loss) on ordinary activities</b>		
	Period ended 30/04/04 £	Sixteen months ended 30/04/03 £
<b>Analysis of charge in period</b>		
<b>Current tax</b>		
Adjustments in respect of previous periods	3,335	(109,261)
Total current tax charge	3,335	(109,261)
<b>Deferred tax</b>		
Timing differences, origination and reversal	(29,492)	4,720
Total deferred tax	(29,492)	4,720
Tax on profit/(loss) on ordinary activities	(26,157)	(104,541)

# THE TRAINING FOUNDATION LIMITED

## Notes to the financial statements for the year ended 30 April 2004

..... continued

6. Tangible fixed assets	Long leasehold property £	Plant and machinery £	Total £
<b>Cost/revaluation</b>			
At 1 May 2003	1,027,095	163,634	1,190,729
Additions	6,807	37,161	43,968
Disposals	-	(1,158)	(1,158)
At 30 April 2004	<u>1,033,902</u>	<u>199,637</u>	<u>1,233,539</u>
<b>Depreciation</b>			
At 1 May 2003	12,852	47,229	60,081
On disposals	-	(367)	(367)
Charge for the year	9,672	39,226	48,898
At 30 April 2004	<u>22,524</u>	<u>86,088</u>	<u>108,612</u>
<b>Net book values</b>			
At 30 April 2004	<u>1,011,378</u>	<u>113,549</u>	<u>1,124,927</u>
At 30 April 2003	<u>1,014,243</u>	<u>116,405</u>	<u>1,130,648</u>

Leasehold land and buildings above relates to the long leasehold of a property known as Foundation House, Milburn Hill Road, University of Warwick Science Park, Coventry. Incorporated within this property's net book value at the balance sheet date is a valuation of £1,000,000 dated 1 July 2002 given by an independent firm of Chartered Surveyors, D & P Holt, 16 Warwick Row, Coventry.

7. Debtors	30/04/04 £	30/04/03 £
Trade debtors	451,515	448,238
Other debtors	<u>549,148</u>	<u>1,174,246</u>
	<u>1,000,663</u>	<u>1,622,484</u>

Included within other debtors is a deferred taxation asset of £16,305, see note 11. This is due for repayment outside of one year of the balance sheet date.

# THE TRAINING FOUNDATION LIMITED

## Notes to the financial statements for the year ended 30 April 2004

..... continued

8. Creditors: amounts falling due within one year	30/04/04 £	30/04/03 £
Bank overdraft	-	189,892
Bank loan	4,100	45,600
Trade creditors	200,656	234,060
Other taxes and social security costs	57,367	158,671
Directors' accounts	1,113	100,000
Other creditors	284,611	557,550
	<u>547,847</u>	<u>1,285,773</u>

Bank loans and the bank overdraft are secured on assets of the company.

9. Creditors: amounts falling due after more than one year	30/04/04 £	30/04/03 £
Bank loan	<u>800,817</u>	<u>759,874</u>
<b>Loans</b>		
Repayable in five years or more	<u>(778,817)</u>	<u>(577,474)</u>

The bank loan is secured on assets of the company.

### 10. Provisions for liabilities and charges

	Deferred taxation (Note 11) £
At 1 May 2003	13,187
Movements in the year	<u>(13,187)</u>
At 30 April 2004	<u>-</u>

# THE TRAINING FOUNDATION LIMITED

## Notes to the financial statements for the year ended 30 April 2004

..... continued

11. Deferred taxation	30/04/04 £	30/04/03 £
Accelerated capital allowances	9,087	13,187
Tax losses carried forward	(25,392)	-
Undiscounted (asset)/provision for deferred tax	<u>(16,305)</u>	<u>13,187</u>
Provision at 1 May 2003	13,187	
Deferred tax charge in profit and loss account	(29,492)	
Asset at 30 April 2004	<u>(16,305)</u>	

The company's deferred taxation asset of £16,305 is shown within other debtors at note 7. Deferred taxation is calculated using a corporation tax rate of 19% (2003:30%). The company has unrelieved trading losses as a result of enhanced tax relief on its research and development programme.

12. Share capital	30/04/04 £	30/04/03 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2003	233,550	498,587	732,137
Retained profit/(loss) for the year		196,098	196,098
At 30 April 2004	<u>233,550</u>	<u>694,685</u>	<u>928,235</u>

# THE TRAINING FOUNDATION LIMITED

## Notes to the financial statements for the year ended 30 April 2004

..... continued

### 14. Financial commitments

At 30 April 2004 the company had annual commitments under non-cancellable operating leases as follows:

	30/04/04	30/04/03
	£	£
<b>Expiry date:</b>		
Between one and five years	<u>63,000</u>	<u>33,750</u>

### 15. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing		Maximum
	30/04/04	30/04/03	in year
	£	£	£
N J Mitchell	<u>-</u>	<u>935,315</u>	<u>935,315</u>

During the year the company was charged rent of £63,600 by a director of the company, Mr N J Mitchell being rent for Technology House, Sir William Lyons Road, Coventry, CV4 7EZ. During the year the company entered into various transactions with The Institute of Information Technology Training Limited, a company whose majority shareholder until 31 July 2003 was Mr N J Mitchell, who is also a director and controls The Training Foundation Limited. During the year the company was charged £82,481 by Fastrak Consulting Limited for consultancy services, Fastrak Consulting Limited is controlled by Mr C Shepherd, who until 12 September 2003 was a director of The Training Foundation Limited. The Training Foundation Limited was also charged £11,504 by Nestor Consulting Limited for consultancy services during the period, Nestor Consulting Limited is a company controlled by Mr L Hobbs, a director of The Training Foundation Limited.

### 16. Controlling interest

The company is controlled by a director, Mr N J Mitchell, by virtue of his majority shareholding.