

Registration number 03603214

THE TRAINING FOUNDATION LIMITED

Directors' report and financial statements

for the year ended 30 April 2005



THE TRAINING FOUNDATION LIMITED

Company information

Directors	N J Mitchell L Hobbs C P Shepherd
Secretary	J Mitchell
Company number	03603214
Registered office	Foundation House Milburn Hill Road Coventry West Midlands CV4 7EZ
Auditors	Varney Barfield and Company Limited 6 Corunna Court Corunna Road Warwick CV34 5HQ

THE TRAINING FOUNDATION LIMITED

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THE TRAINING FOUNDATION LIMITED

Directors' report for the year ended 30 April 2005

The directors present their report and the financial statements for the year ended 30 April 2005.

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.

In May 2005, the company became the first training organisation in the 40-year history of the Queen's Awards for Industry to be awarded an Innovation Award. The Award was presented HRH by the Princess Royal at the company's Coventry training centre on 24 October, in attendance were many leading figures in the learning and development world from both the public and the private sectors.

The Queen's Award was for the Trainer Assessment Programme (TAP), which is the company's core programme, and as a result of the Award, many more employers have now engaged on this programme. In 2005, new clients have included Barclays Bank, Orange, Rolls Royce, Carphone Warehouse, the BBC, MacDonalds, Xerox, Sage, Serco, MAN and the Post Office. Case studies were published relating to the implementation of TAP by existing clients including Tesco, Centrica, News International, Autoglass, Northgate, Leeds City Council, Computeach International, the Army Torch Hub and the National Health Service (the 1000th NHS trainer achieved TAP qualification during the year).

It is notable that the company has now completed the reduction of its dependency on the IT training sector which has been in decline for several years and which had been the company's primary market. During the year to 30 April 2005, revenues from IT trainers decreased by some 40%, whilst revenues from other training disciplines increased by over 100%. During the year to 30 April 2006, the directors expect that revenues from non-IT training will exceed revenues from IT training for the first time.

During the year the company invested a further £287,000 in its software authoring product Acce-Lerator, these costs were written off to the profit and loss account, the underlying profitability for the year was therefore in the region of £425,000. In addition, more than £100,000 was invested in course developments for the company's new online learning portals, www.trainforwork.net and www.readyforwork.org, revenues from which will result in the financial year to 30 April 2006. Cumulative investment in research and development made since 1998 in the company's products now exceeds £2.5m, all which has been written off to the profit and loss account in the company's financial statements. These leadership products, given the endorsement of the Queen's Award, have now positioned the company for rapid expansion and growth.

Directors and their interests

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

	Class of share	30/04/05	01/05/04 or date of appointment
N J Mitchell	Ordinary shares	100	100
L Hobbs	Ordinary shares	-	-

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Directors' report for the year ended 30 April 2005

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C P Shepherd		Ordinary shares	-	-
A L M Galilee	Resigned 25/1/05	Ordinary shares	-	-
C Steed	Resigned 1/7/04	Ordinary shares	-	-

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 20 December 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 2005 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 International Standards on Auditing (UK and Ireland).

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out at note 16 to the financial statements.

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 2005 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

21 December 2005

6 Corunna Court

Corunna Road

Warwick

CV34 5HQ

THE TRAINING FOUNDATION LIMITED

Profit and loss account for the year ended 30 April 2005

		Year ended 30/04/05	Year ended 30/04/04
	Notes	£	£
Turnover	2	2,082,819	2,058,650
Cost of sales		(679,159)	(755,111)
Gross profit		1,403,660	1,303,539
Administrative expenses		(1,213,738)	(1,007,387)
Operating profit	3	189,922	296,152
Other interest receivable and similar income		6	1
Interest payable and similar charges		(51,844)	(55,212)
Profit on ordinary activities before taxation		138,084	240,941
Tax on profit on ordinary activities	5	(12,273)	26,157
Profit on ordinary activities after taxation		125,811	267,098
Dividends		(480,000)	(71,000)
(Loss)/retained profit for the year		(354,189)	196,098
Retained profit brought forward		694,685	498,587
Retained profit carried forward		<u>340,496</u>	<u>694,685</u>

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 2005

		30/04/05		30/04/04	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		1,121,677		1,124,927
Current assets					
Stocks		13,075		28,051	
Debtors	7	590,319		1,000,663	
Cash at bank and in hand		243,705		123,358	
		<u>847,099</u>		<u>1,152,072</u>	
Creditors: amounts falling due within one year	8	<u>(605,244)</u>		<u>(547,847)</u>	
Net current assets			<u>241,855</u>		<u>604,225</u>
Total assets less current liabilities			1,363,532		1,729,152
Creditors: amounts falling due after more than one year	9		<u>(789,386)</u>		<u>(800,817)</u>
Net assets			<u>574,146</u>		<u>928,335</u>
Capital and reserves					
Called up share capital	11		100		100
Revaluation reserve	12		233,550		233,550
Profit and loss account	12		340,496		694,685
Shareholders' funds			<u>574,146</u>		<u>928,335</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 20 December 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 2005

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

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

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 2005

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	Year ended 30/04/05 £	Year ended 30/04/04 £
3. Operating profit		
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	45,668	48,898
Loss on disposal of tangible fixed assets	11,964	(109)
Auditors' remuneration	<u>6,000</u>	<u>8,000</u>
4. Directors' emoluments		
	Year ended 30/04/05 £	Year ended 30/04/04 £
Remuneration and other benefits	<u>69,692</u>	<u>99,648</u>
5. Tax on profit on ordinary activities		
	Year ended 30/04/05 £	Year ended 30/04/04 £
Analysis of charge in period		
Current tax		
Adjustments in respect of previous periods	-	3,335
Total current tax charge	<u>-</u>	<u>3,335</u>
Deferred tax		
Timing differences, origination and reversal	12,273	(29,492)
Total deferred tax	<u>12,273</u>	<u>(29,492)</u>
Tax on profit on ordinary activities	<u>12,273</u>	<u>(26,157)</u>

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Notes to the financial statements for the year ended 30 April 2005

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6. Tangible fixed assets	Long leasehold property £	Plant and machinery £	Total £
Cost/revaluation			
At 1 May 2004	1,033,902	199,637	1,233,539
Additions	-	54,383	54,383
Disposals	-	(31,107)	(31,107)
At 30 April 2005	<u>1,033,902</u>	<u>222,913</u>	<u>1,256,815</u>
Depreciation			
At 1 May 2004	22,525	86,088	108,613
On disposals	-	(19,143)	(19,143)
Charge for the year	<u>9,731</u>	<u>35,937</u>	<u>45,668</u>
At 30 April 2005	<u>32,256</u>	<u>102,882</u>	<u>135,138</u>
Net book values			
At 30 April 2005	<u>1,001,646</u>	<u>120,031</u>	<u>1,121,677</u>
At 30 April 2004	<u>1,011,377</u>	<u>113,549</u>	<u>1,124,926</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	30/04/05 £	30/04/04 £
Trade debtors	459,307	451,515
Other debtors	<u>131,012</u>	<u>549,148</u>
	<u>590,319</u>	<u>1,000,663</u>

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Notes to the financial statements for the year ended 30 April 2005

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8. Creditors: amounts falling due within one year	30/04/05 £	30/04/04 £
Bank loan	4,100	4,100
Trade creditors	156,226	200,656
Other taxes and social security costs	73,097	57,367
Directors' accounts	693	1,113
Other creditors	371,128	284,611
	<u>605,244</u>	<u>547,847</u>

The bank loans is secured on assets of the company.

9. Creditors: amounts falling due after more than one year	30/04/05 £	30/04/04 £
Bank loan	<u>789,386</u>	<u>800,817</u>
Loans		
Repayable in five years or more	<u>(767,386)</u>	<u>(778,817)</u>

The bank loan is secured on assets of the company.

10. Deferred taxation	30/04/05 £	30/04/04 £
Capital allowances in advance of depreciation	11,186	9,087
Tax losses carried forward	<u>(15,218)</u>	<u>(25,392)</u>
Deferred tax asset	<u>(4,032)</u>	<u>(16,305)</u>
	£	
Asset at 1 May 2004	(16,305)	
Deferred tax charge in profit and loss account	<u>12,273</u>	
Asset at 30 April 2005	<u>(4,032)</u>	

The company's deferred taxation asset of £4,032 is shown within other debtors at note 7. Deferred taxation is calculated using a corporation tax rate of 19% (2004:19%). The company has unrelieved trading losses as a result of enhanced tax relief on its research and development programme.

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Notes to the financial statements for the year ended 30 April 2005

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11. Share capital		30/04/05	30/04/04
		£	£
Authorised			
1,000 Ordinary shares of £1 each		<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid			
100 Ordinary shares of £1 each		<u>100</u>	<u>100</u>
12. Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2004	233,550	694,685	928,235
(Loss)/retained profit for the year		(354,189)	(354,189)
At 30 April 2005	<u>233,550</u>	<u>340,496</u>	<u>574,046</u>
13. Financial commitments			
At 30 April 2005 the company had annual commitments under non-cancellable operating leases as follows:			
		30/04/05	30/04/04
		£	£
Expiry date:			
Between one and five years		<u>70,000</u>	<u>63,000</u>

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Notes to the financial statements for the year ended 30 April 2005

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14. Transactions with directors

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

	Amount owing		Maximum in year
	30/04/05	30/04/04	
	£	£	£
N J Mitchell	-	-	480,519

During the year the company was charged rent of £64,000 by a director, Mr N J Mitchell being rent for Technology House, Sir William Lyons Road, Coventry. Also during the year the company was charged £96,242 by Fastrak Consulting Limited, a company controlled by Mr C P Shepherd, a director of the company. The company was also charged £12,328 by Nestor Consulting Limited, a company controlled by Mr L Hobbs who is a director of the company.

15. Controlling interest

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

16. Non-audit services

In common with many other businesses of its size and nature the company uses its auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.