

Develop Training Limited

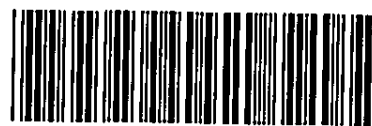
Report and Financial Statements

Year Ended

30 September 2011

Company Number 06115331

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Develop Training Limited

Report and financial statements for the year ended 30 September 2011

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Directors

R Tompsett
M Dougall

Secretary and registered office

A McKeown, Derby Training Centre, Ascot Drive, Derby, DE24 8GW

Company number

06115331

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Develop Training Limited

Report of the directors for the year ended 30 September 2011

The directors present their report together with the audited financial statements for the year ended 30 September 2011

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year

The directors do not recommend payment of a dividend

Principal activities, review of business and future developments

Develop Training Limited (DTL) provides both technical and behavioural training interventions and training facilities to a wide range of UK market sectors and in particular to the Utility and Facilities Management sectors. The business is managed through three divisions as follows

- 1 The Utility Division which provides technical training and other interventions primarily to the power and telecommunications sectors of the UK economy
- 2 The Facilities Management Division which provides a wide range of technical training and consultancy services to the facilities management sector of the UK economy
- 3 The Behavioural Division which provides an innovative range of training interventions that are concerned with changing behaviours in the workplace to a wide range of markets and sectors in the UK economy

Review of business

The audited accounts for the year ended 30 September 2011 cover the second full year of the implementation of the revised Business Strategy for Develop Training Limited (DTL) that commenced in September 2009

The directors of DTL are pleased to be able to report a second year of good progress in the commercial and financial performance of the business despite the high levels of business uncertainty over the period covered by the audited accounts as a result of the continuing recession in the UK economy

The improvement in the financial performance of DTL is reflected most noticeably in the increase in the operating profit for the year ended 30 September 2011 to £942,792 which is an increase +297.2% in comparison with the previous year despite sales declining over the same period by -10.7%

The management of working capital remains an on-going priority for the directors of DTL as it does for any business in the current economic environment and the last 12 months have not been an exception to this challenging reality. Consequently, the directors are grateful for the continued support of all stakeholders in the business. It is also worth noting in this context that trade creditors have declined by £270,000 during the last 12 months to £1.5 million which is a reduction of -15%.

During the year ended 30 September 2011 the directors and management of DTL have concentrated, with noticeable success, on consolidating the changes made in the first full year of the revised Business Strategy and as a result, sustainable foundations have now been created in DTL to service the training requirements of both existing and new clients to consistently high standards of delivery and which has also resulted in a significant number of contract renewals and extensions being achieved with existing clients during the last financial year as well as increasingly attracting new clients.

The directors of DTL believe that the year ahead will remain challenging for the UK economy due to the continued uncertainty created by the Sovereign debt issues facing the European monetary union. However, the directors of DTL also remain confident that although the UK economic environment will remain difficult, that the plans in place for the future of DTL should allow additional progress to be made over the course of the next year.

The directors would also like to take this opportunity to thank the employees of DTL for their continued loyalty.

Develop Training Limited

Report of the directors for the year ended 30 September 2011 (*continued*)

and support. In addition, the directors would also like to extend their thanks and appreciation to the associates and contractors who also make a valued contribution to the success of DTL.

Financial Risk Management

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks, including the effects of market changes, credit, liquidity, cash flow and interest rate risks. The company is not exposed to foreign exchange risk. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of trade debtors and cash. Financial liabilities that expose the company to financial risk consist principally of trade creditors, loans and hire purchase agreements. The policies set by the board of directors are implemented by the company's finance department.

The company is exposed to market risk as a result of its operations, particularly relating to the demand for its services. However, the directors consider that they are close enough to the market to be able to react quickly to changes and hence the impact on the company's performance.

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The company performs ongoing credit evaluation of its customers financial condition and has implemented policies which require appropriate credit checks on potential customers before sales are made and monitoring and prompt collection of outstanding balances.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the company ensures there is an adequate liquidity buffer to cover contingencies. The company maintains sufficient cash and open committed credit lines from its bankers to meet its funding requirements and monitors cash flow as part of its day to day control procedures.

Interest rate risk i.e. unfavourable movements in interest rates arising as a result of the company's long-term borrowings. It is, where appropriate, addressed by the use of derivative instruments provided by the company's bankers, whereby interest rate exposure is capped at a level which would limit potential interest costs to a level considered by the directors to be affordable by the business should there be significant interest rate rises during the life of the borrowings.

Indemnity Cover

Third party indemnity cover for the directors was in force during the period.

Directors

The directors of the company during the year were

R Tompsett

R Coleman (appointed 22 March 2011 and resigned 30 September 2011)

M Dougall was appointed on 1 October 2011

Develop Training Limited

Report of the directors for the year ended 30 September 2011 (*continued*)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

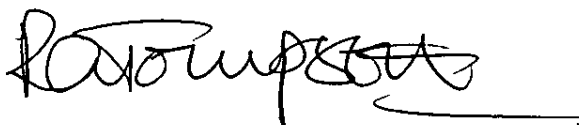
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



R Tompsett
Director

27 January 2012

Develop Training Limited

Independent auditor's report

To the member of Develop Training Limited

We have audited the financial statements of Develop Training Limited for the year ended 30 September 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member those matters we are required to state to them in an auditor's 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Develop Training Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

BDO LLP

Graham Whittaker (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

27 January 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Develop Training Limited

Profit and loss account for the year ended 30 September 2011

	Note	2011 £	2010 £
Turnover	3	13,442,580	15,055,375
Cost of sales		8,382,072	10,007,329
		<hr/>	<hr/>
Gross profit		5,060,508	5,048,046
Administrative expenses		4,117,716	4,810,678
		<hr/>	<hr/>
Operating profit	4	942,792	237,368
Loss on disposal of discontinued operations	15	(172,678)	-
		<hr/>	<hr/>
Profit on ordinary activities before interest and other income		770,114	237,368
Interest payable and similar charges	7	(849,513)	(819,214)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(79,399)	(581,846)
Taxation on loss on ordinary activities	8	(34,225)	37,225
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(113,624)	(544,621)
		<hr/>	<hr/>

All recognised gains and losses in the current and prior year are included in the profit and loss account

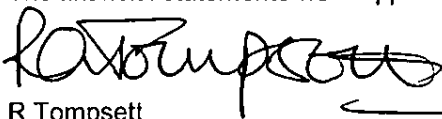
The notes on pages 8 to 18 form part of these financial statements

Develop Training Limited

Balance sheet at 30 September 2011

<i>Company number 06115331</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	9		6,990,082		7,437,489
Tangible assets	10		919,492		1,267,717
			<u>7,909,574</u>		<u>8,705,206</u>
Current assets					
Stocks		-		5,797	
Debtors	12	3,578,356		4,356,191	
Cash at bank and in hand		3,851,215		3,908,131	
		<u>7,429,571</u>		<u>8,270,119</u>	
Creditors: amounts falling due within one year	13	4,867,004		6,159,341	
		<u>2,562,567</u>			<u>2,110,778</u>
Net current assets			<u>10,472,141</u>		<u>10,815,984</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	14	8,574,395		8,574,395	
Provisions for liabilities	15	150,000		380,219	
		<u>8,724,395</u>		<u>8,954,614</u>	
		<u>1,747,746</u>		<u>1,861,370</u>	
Capital and reserves					
Called up share capital	17	1,026,655		1,026,655	
Share premium account	18	1,932,098		1,932,098	
Profit and loss account	18	(1,211,007)		(1,097,383)	
		<u>1,747,746</u>		<u>1,861,370</u>	
Shareholder's funds	19		<u>1,747,746</u>		<u>1,861,370</u>

The financial statements were approved by the board of directors and authorised for issue on 27 1. 12



R Tompsett
Director

The notes on pages 8 to 18 form part of these financial statements

Develop Training Limited

Notes forming part of the financial statements for the year ended 30 September 2011

1 Accounting policies

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

The following principal accounting policies have been applied

Consolidated financial statements

The financial statements contain information about Develop Training Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 1

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that all of the voting rights in the company are controlled within the group headed by Develop Training Group Limited and the company is included in consolidated financial statements

Goodwill

Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of the services has passed to the customer which is generally on delivery of courses

Develop Training Limited

Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

1 Accounting policies (*continued*)

Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets, over their useful economic lives. It is calculated at the following rates:

Leasehold property	- over the period of the lease
Plant, machinery and equipment	- over 4 - 5 years
Fixtures and fittings	- over 5-10 years
Office equipment	- over 5-10 years
Computer equipment	- over 4 - 5 years

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Related party disclosures

The company is a wholly owned subsidiary of Develop Training Group Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Develop Training Group Limited or other wholly owned subsidiaries within the group.

Group Relief

Trading losses of group companies available for group relief are relieved against the company's trading profits where applicable. No payment is made to group companies for such trading losses available for relief.

Develop Training Limited

Notes forming part of the financial statements for the year ended 30 September 2011 (continued)

2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 30 September 2010 is shown below

Further details on discontinued operations are given in note 15

	Continuing £	Discontinued £	Total £
Turnover	14,532,783	522,592	15,055,375
Cost of sales	9,546,535	460,794	10,007,329
	<hr/>	<hr/>	<hr/>
Gross profit	4,986,248	61,798	5,048,046
Administrative expenses	4,066,027	744,651	4,810,678
	<hr/>	<hr/>	<hr/>
Operating profit/(loss)	920,221	(682,853)	237,368
	<hr/>	<hr/>	<hr/>

3 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

4 Operating profit

	2011 £	2010 £
This is arrived at after charging		
Depreciation of tangible fixed assets	233,285	249,857
Amortisation of positive goodwill	447,407	447,407
Hire of plant and machinery - operating leases	208,794	266,313
Hire of other assets - operating leases	504,057	637,225
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	18,075	18,075
	<hr/>	<hr/>

Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (continued)

5 Employees

Staff costs (including directors) consist of

	2011 £	2010 £
Wages and salaries	3,639,014	4,748,351
Social security costs	363,280	504,609
Other pension costs	54,771	88,733
	<u>4,057,065</u>	<u>5,341,693</u>

The average number of employees (including directors) during the year was as follows

	2011 Number	2010 Number
Sales	9	9
Training staff	44	74
Catering, housekeeping and maintenance	4	21
Administration and management	74	74
	<u>131</u>	<u>178</u>

6 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	214,034	175,000
Company contributions to money purchase pension schemes	1,050	-
	<u>215,084</u>	<u>175,000</u>

The total amount payable to the highest paid director in respect of emoluments was £175,000 (2010 - £175,000)

7 Interest payable and similar charges

	2011 £	2010 £
Bank loans	120,689	90,390
Loans from group companies	728,824	728,824
	<u>849,513</u>	<u>819,214</u>

Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (*continued*)

8 Taxation on loss on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	34,225	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(37,225)
	<u>34,225</u>	<u>(37,225)</u>
Taxation on loss on ordinary activities	<u>34,225</u>	<u>(37,225)</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2011 £	2010 £
Loss on ordinary activities before tax	(79,399)	(581,846)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 27% (2010 - 28%)	(21,438)	(162,917)
Effect of		
Expenses not deductible for tax purposes	202,431	177,035
Capital allowances for period in (excess)/deficit of depreciation	(23,458)	46,417
Other timing differences	(4,904)	(1,007)
Group relief claimed	(108,855)	(59,528)
Marginal relief	(9,551)	-
	<u>34,225</u>	<u>-</u>
Current tax charge for the year	<u>34,225</u>	<u>-</u>

Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (*continued*)

9 Intangible fixed assets

	Purchased goodwill £
<i>Cost</i>	
At 1 October 2010 and 30 September 2011	8,948,139
	<hr/>
<i>Amortisation</i>	
At 1 October 2010	1,510,650
Provided for the year	447,407
	<hr/>
At 30 September 2011	1,958,057
	<hr/>
<i>Net book value</i>	
At 30 September 2011	6,990,082
	<hr/>
At 30 September 2010	7,437,489
	<hr/>

Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (*continued*)

10 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Other fixed assets £	Total £
<i>Cost</i>					
At 1 October 2010	302,612	1,443,352	241,541	150,402	2,137,907
Additions	9,747	30,837	3,492	28,000	72,076
Disposals	(236,326)	(4,006)	(21,916)	-	(262,248)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2011	76,033	1,470,183	223,117	178,402	1,947,735
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 October 2010	98,279	526,098	145,265	100,548	870,190
Provided for the year	16,561	157,260	37,099	22,365	233,285
Disposals	(55,159)	(3,382)	(16,691)	-	(75,232)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2011	59,681	679,976	165,673	122,913	1,028,243
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 September 2011	16,352	790,207	57,444	55,489	919,492
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2010	204,333	917,254	96,276	49,854	1,267,717
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Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (*continued*)

11 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>		
Develop Solutions Limited	100%	Dormant

12 Debtors

	2011 £	2010 £
Trade debtors	1,280,202	1,482,895
Prepayments and accrued income	2,298,154	2,873,296
	<u>3,578,356</u>	<u>4,356,191</u>

All amounts shown under debtors fall due for payment within one year

13 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	1,504,419	1,774,058
Amounts owed to group undertakings	2,332,657	2,823,381
Corporation tax	34,225	-
Other taxation and social security	304,394	344,878
Accruals and deferred income	691,309	1,217,024
	<u>4,867,004</u>	<u>6,159,341</u>

Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (*continued*)

14 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>8,574,395</u>	<u>8,574,395</u>

15 Provisions for liabilities

	Discontinued operations £
At 1 October 2010	380,219
Charged to profit and loss account	172,678
Utilised in year	<u>(402,897)</u>
At 30 September 2011	<u>150,000</u>

Deferred Taxation

A deferred taxation asset in respect of accelerated capital allowances and losses of £18,367 (2010 - £48,201) has not been recognised in the year

Discontinued operations

In the prior year, Develop Training Limited decided to close its Whitwell division as part of a group reorganisation. Additional net charges of £172,678 have been incurred in the provision. The remaining provision relates to potential future dilapidation costs and is expected to be utilised in the next twelve months.

Develop Training Limited

Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £54,771 (2010 - £88,733). There were £10,336 (2010 - £28,498) of outstanding contributions at the end of the financial period.

17 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 10p each	1,026,655	1,026,655
	<u> </u>	<u> </u>

18 Reserves

	Share premium account £	Profit and loss account £
At 1 October 2010	1,932,098	(1,097,383)
Loss for the year	-	(113,624)
	<u> </u>	<u> </u>
At 30 September 2011	1,932,098	(1,211,007)
	<u> </u>	<u> </u>

Develop Training Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 (*continued*)

19 Reconciliation of movements in shareholder's funds

	2011 £	2010 £
Loss for the year	(113,624)	(544,621)
Opening shareholder's funds	1,861,370	2,405,991
Closing shareholder's funds	1,747,746	1,861,370

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Other 2011 £	Land and buildings 2010 £	Other 2010 £
Operating leases which expire				
Within one year	-	29,485	68,875	57,941
In two to five years	149,110	89,338	109,360	127,455
After five years	243,426	-	243,426	-
	392,536	118,823	421,661	185,396

21 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Develop Training Group Limited which is the ultimate parent company incorporated in England and Wales

The largest and smallest group in which the results of the company are consolidated is that headed by Develop Training Group Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Maundy, Cardiff, CF14 3UZ. No other group accounts include the results of the company.