

POSITIVE OUTCOMES TRAINING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

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POSITIVE OUTCOMES TRAINING LIMITED

COMPANY INFORMATION

Directors

C Longmate
D Connell
C Willey (resigned 6 November 2014)
G M Cripwell
A Wilson
G Russell (appointed 27 July 2014)

Registered number

08549114

Registered office

Unit 2 Maisies Way
South Normanton
Alfreton
Derbyshire
DE55 2DS

Independent auditors

PKF Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

POSITIVE OUTCOMES TRAINING LIMITED

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POSITIVE OUTCOMES TRAINING LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015

Introduction

The principal activity of the company is to provide Government-funded work-based training to individuals located across England. The directors consider that the results of trading in the year ended July 2015 are satisfactory, and represent a significant turnaround in performance since the previous financial year.

Business review

The principal activity of the group during the year was the provision of training.

The directors intend to continue to maintain a focus on the quality of the delivery of our training as we consider that both of these will continue to be of paramount importance to the business.

The company receives the majority of its revenue from the Government solely via the Skills Funding Agency (SFA). Therefore, the directors also wish to continue to maintain the strong and transparent relationship that we have with the SFA.

During the year ended July 2015 revenues increased by £1.3m (26%). The directors consider that the key measure of trading performance is Earnings before Interest Tax Depreciation and Amortisation, which increased by over £0.9m since the previous year.

The majority of revenue growth was achieved during the latter part of the financial year, particularly in the final quarter of the year. Therefore, the directors remain confident that the company is well placed to achieve further, significant growth in the next three years, whilst maintaining a strong focus upon the high quality of our training.

Principal risks and uncertainties

As noted above, the company currently receives the majority of its revenue from the Government, solely via the SFA. In order to mitigate this risk, the directors proactively keep abreast of developments in the sector (particularly updates issued by the SFA), together with possible forthcoming changes to Government policy and priorities.

This report was approved by the board and signed on its behalf.



**C Longmate
Director**

Date: 2ND NOVEMBER 2015

POSITIVE OUTCOMES TRAINING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2015

The directors present their report and the audited financial statements for the year ended 31 July 2015.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company during the period was that of a holding company, the subsidiary being Positive Outcomes Limited.

The principal activity of Positive Outcomes Limited during the period was that of a training provider.

Directors

The directors who served during the year are listed on the company information page.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

POSITIVE OUTCOMES TRAINING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2015**

This report was approved by the board and signed on its behalf.



C Longmate
Director

Date: 2ND NOVEMBER 2015

POSITIVE OUTCOMES TRAINING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POSITIVE OUTCOMES TRAINING LIMITED

We have audited the financial statements of Positive Outcomes Training Limited for the year ended 31 July 2015, set out on pages 6 to 23. 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

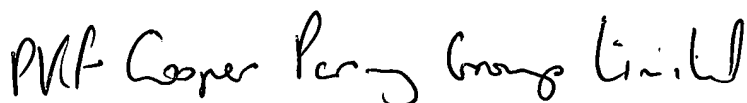
POSITIVE OUTCOMES TRAINING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POSITIVE OUTCOMES TRAINING LIMITED

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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Timms (Senior statutory auditor)

for and on behalf of

PKF Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Date: 2ND NOVEMBER 2015

POSITIVE OUTCOMES TRAINING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015**

		31 July 2015 £	Period ended 31 July 2014 £
	Note		
Turnover	1,2	6,230,085	3,540,965
Cost of sales		(440,920)	(295,394)
		<hr/>	<hr/>
Gross profit		5,789,165	3,245,571
Administrative expenses		(5,554,429)	(4,110,751)
		<hr/>	<hr/>
Operating profit/(loss)	3	234,736	(865,180)
Interest receivable and similar income		-	1,161
Interest payable and similar charges	6	(192,792)	(135,395)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		41,944	(999,414)
Tax on profit/(loss) on ordinary activities	7	-	6,566
		<hr/>	<hr/>
Profit/(loss) for the financial year	15	41,944	(992,848)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

POSITIVE OUTCOMES TRAINING LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2015**

	Note	31 July 2015 £	Period ended 31 July 2014 £
Profit/(loss) for the financial year		41,944	(992,848)
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		41,944	(992,848)
		<hr/>	<hr/>
Prior year adjustment	16	(121,383)	
		<hr/>	
Total gains and losses recognised since last financial statements		(79,439)	
		<hr/>	

The notes on pages 11 to 23 form part of these financial statements.

POSITIVE OUTCOMES TRAINING LIMITED
REGISTERED NUMBER: 08549114

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	8		1,517,281		1,699,355
Tangible assets	9		249,091		247,793
Investments	10		5		5
			<u>1,766,377</u>		<u>1,947,153</u>
Current assets					
Debtors	11	1,708,590		859,549	
Cash at bank		41,633		271,279	
		<u>1,750,223</u>		<u>1,130,828</u>	
Creditors: amounts falling due within one year	12	(932,397)		(780,828)	
Net current assets			817,826		350,000
Total assets less current liabilities			<u>2,584,203</u>		<u>2,297,153</u>
Creditors: amounts falling due after more than one year	13		2,655,106		2,410,000
Capital and reserves					
Called up share capital	14	1,639		1,639	
Share premium account	15	159,240		159,240	
Other reserve	15	719,122		719,122	
Profit and loss account	15	(950,904)		(992,848)	
			<u>(70,903)</u>		<u>(112,847)</u>
			<u>2,584,203</u>		<u>2,297,153</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C Longmate
Director

Date: 2nd NOVEMBER 2015

The notes on pages 11 to 23 form part of these financial statements.

POSITIVE OUTCOMES TRAINING LIMITED
REGISTERED NUMBER: 08549114

COMPANY BALANCE SHEET
AS AT 31 JULY 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Investments	10		3,346,594		3,243,149
Current assets					
Cash at bank		-		255,385	
Creditors: amounts falling due within one year	12	-		(304,805)	
Net current			-		(49,420)
Total assets less current liabilities			<u>3,346,594</u>		<u>3,193,729</u>
Creditors: amounts falling due after more than one year	13		2,655,106		2,410,000
Capital and reserves					
Called up share capital	14	1,639		1,639	
Share premium account	15	159,240		159,240	
Other reserves	15	719,122		719,122	
Profit and loss account	15	(188,513)		(96,272)	
			<u>691,488</u>		<u>783,729</u>
			<u>3,346,594</u>		<u>3,193,729</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


C Longmate
 Director

Date: 2ND NOVEMBER 2015

The notes on pages 11 to 23 form part of these financial statements.

POSITIVE OUTCOMES TRAINING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

		31 July 2015 £	Period ended 31 July 2014 £
	Note		
Net cash flow from operating activities	17	(185,570)	(725,526)
Returns on investments and servicing of finance	18	(48,754)	(33,839)
Taxation		-	6,566
Capital expenditure and financial investment	18	(78,720)	(25,440)
Acquisitions and disposals	18	-	(333,779)
Cash outflow before financing		<u>(313,044)</u>	<u>(1,112,018)</u>
Financing	18	-	1,216,399
(Decrease)/Increase in cash in the year		<u><u>(313,044)</u></u>	<u><u>104,381</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 JULY 2015**

	31 July 2015 £	Period ended 31 July 2014 £
(Decrease)/Increase in cash in the year	(313,044)	104,381
Cash inflow from increase in debt and lease financing	-	(1,056,398)
Movement in net debt in the year	<u>(313,044)</u>	<u>(952,017)</u>
Net debt at 1 August 2014	(2,305,619)	(1,353,602)
Net debt at 31 July 2015	<u><u>(2,618,663)</u></u>	<u><u>(2,305,619)</u></u>

The notes on pages 11 to 23 form part of these financial statements.

POSITIVE OUTCOMES TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The company's ability to continue in operation is dependent upon the availability of funding and continued support of the loan note holders, the terms of which are set out in note 13. The loan note holders have indicated their intention to continue to provide support to the group for a period in excess of twelve months from the date of signing these financial statements. The directors have produced forecasts for the group which show a return to profitability in the next accounting period. The directors therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Positive Outcomes Training Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own profit and loss account.

1.4 Turnover

Turnover of the parent comprises income from group companies for the provision of management services, exclusive of Value Added Tax.

Turnover for the group as a whole comprises revenue recognised in respect of training services supplied during the year.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	Straight line over 5 years
----------	---	----------------------------

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	25% reducing balance
Office equipment	-	33% reducing balance

POSITIVE OUTCOMES TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1. Accounting policies (continued)

1.7 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the Scheme are held separately from those of the company in an independently administered fund.

2. Turnover

All turnover arose within the United Kingdom.

POSITIVE OUTCOMES TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

3. Operating profit/(loss)

Audit fees have been borne by the company's subsidiary undertaking, Positive Outcomes Limited.

The operating profit/(loss) is stated after charging:

	31 July 2015 £	Period ended 31 July 2014 £
Amortisation - intangible fixed assets	182,074	121,383
Depreciation of tangible fixed assets:		
- owned by the group	77,422	92,361
Auditors' remuneration	21,900	8,400
Operating lease rentals:		
- motor vehicles and office equipment	439,019	282,677
- land and buildings	91,226	64,477
	<u> </u>	<u> </u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	31 July 2015 £	Period ended 31 July 2014 £
Wages and salaries	3,450,881	2,203,015
Social security costs	282,634	239,462
Other pension costs	26,531	14,165
	<u> </u>	<u> </u>
	<u>3,760,046</u>	<u>2,456,642</u>

The average monthly number of employees, including the directors, during the year was as follows:

	31 July 2015 No.	Period ended 31 July 2014 No.
Administrative	116	104
Sales	32	17
	<u> </u>	<u> </u>
	<u>148</u>	<u>121</u>

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

5. Directors' remuneration

	31 July 2015 £	Period ended 31 July 2014 £
Remuneration	360,073	468,523
Company pension contributions to defined contribution pension schemes	1,562	-

During the year retirement benefits were accruing to 2 directors (2014 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £133,303 (2014 - £180,138).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £362 (2014 - £NIL).

6. Interest payable

	31 July 2015 £	Period ended 31 July 2014 £
On other loans	192,792	135,395

7. Taxation

	31 July 2015 £	Period ended 31 July 2014 £
Adjustments in respect of prior periods	-	(6,566)
Tax on profit/loss on ordinary activities	-	(6,566)

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.67% (2014 - 22.33%). The differences are explained below:

	31 July 2015 £	Period ended 31 July 2014 £
Profit/loss on ordinary activities before tax	41,944	(999,414)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.67% (2014 - 22.33%)	8,669	(223,169)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	42,021	32,191
Capital allowances for year/period in excess of depreciation	16,000	13,137
Other timing differences leading to an increase (decrease) in taxation	8,331	1,058
Unrelieved tax losses carried forward	-	170,217
Other differences leading to an increase (decrease) in the tax charge	(75,021)	-
Current tax charge/(credit) for the year/period (see note above)	-	(6,566)

Factors that may affect future tax charges

The group has tax losses carried forward of £Nil (2014: £319,576).

8. Intangible fixed assets

	Goodwill £
Group	
Cost	
At 1 August 2014 and 31 July 2015	1,820,738
Amortisation	
At 1 August 2014	121,383
Charge for the year	182,074
At 31 July 2015	303,457
Net book value	
At 31 July 2015	1,517,281
At 31 July 2014	1,699,355

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

9. Tangible fixed assets

Group	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 August 2014	207,258	339,088	546,346
Additions	-	78,720	78,720
At 31 July 2015	<u>207,258</u>	<u>417,808</u>	<u>625,066</u>
Depreciation			
At 1 August 2014	124,891	173,662	298,553
Charge for the year	22,859	54,563	77,422
At 31 July 2015	<u>147,750</u>	<u>228,225</u>	<u>375,975</u>
Net book value			
At 31 July 2015	<u>59,508</u>	<u>189,583</u>	<u>249,091</u>
At 31 July 2014	<u>82,367</u>	<u>165,426</u>	<u>247,793</u>

10. Fixed asset investments

Group	Investments in subsidiary companies £
Cost	
At 1 August 2014 and 31 July 2015	<u>5</u>
Net book value	
At 31 July 2015	<u>5</u>
At 31 July 2014	<u>5</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Positive Outcomes Limited	100 %
Paid 2 Learn Limited*	100 %
Paid to Learn Limited*	100 %
Positive Outcomes Recruitment Limited*	100 %

POSITIVE OUTCOMES TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

10. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 July 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Positive Outcomes Limited	249,151	316,259
Paid 2 Learn Limited	1	-
Paid to Learn Limited	1	-
Positive Outcomes Recruitment Limited	3	-
	<u>249,155</u>	<u>316,259</u>

* indirectly held

Company	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 August 2014	2,528,823	714,326	3,243,149
Additions	-	496,237	496,237
Disposals	-	(392,792)	(392,792)
At 31 July 2015	<u>2,528,823</u>	<u>817,771</u>	<u>3,346,594</u>
Net book value			
At 31 July 2015	<u>2,528,823</u>	<u>817,771</u>	<u>3,346,594</u>
At 31 July 2014	<u>2,528,823</u>	<u>714,326</u>	<u>3,243,149</u>

Details of the principal subsidiaries can be found under note number 24.

11. Debtors

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	985,197	496,689	-	-
Other debtors	113,712	68,015	-	-
Prepayments and accrued income	609,681	294,845	-	-
	<u>1,708,590</u>	<u>859,549</u>	<u>-</u>	<u>-</u>

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

**12. Creditors:
Amounts falling due within one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Invoice funding facility	250,296	166,898	-	-
Trade creditors	369,458	90,261	-	-
Other taxation and social security	170,875	64,321	-	-
Other creditors	110,803	343,143	-	200,000
Accruals and deferred income	30,965	116,205	-	104,805
	<u>932,397</u>	<u>780,828</u>	<u>-</u>	<u>304,805</u>

The invoice funding balance is secured by a floating charge over the assets of the company and personal indemnities provided by C Longmate, G W Bowers and G M Cripwell, directors of the company.

**13. Creditors:
Amounts falling due after more than one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other loans	2,410,000	2,410,000	2,410,000	2,410,000
Accruals and deferred income	245,106	-	245,106	-
	<u>2,655,106</u>	<u>2,410,000</u>	<u>2,655,106</u>	<u>2,410,000</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Between two and five years				
Loan notes	<u>2,410,000</u>	<u>2,410,000</u>	<u>2,410,000</u>	<u>2,410,000</u>

POSITIVE OUTCOMES TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

13. Creditors: Amounts falling due after more than one year (continued)

The loan notes were issued on 18 November 2013.

Of the total loan notes, £1,692,000 represent 8% fixed rate secured "A" loan notes. Interest is accrued at 8% per annum on the principal sum, and is due for repayment on four repayment dates per annum, an additional 4% will accrue on any unpaid amounts. The loan notes are due for repayment on 18 November 2018 or on earlier exit by the investors. Repayment of the loan notes after 18 November 2016 will result in a premium of 25% payable on redemption. These loan notes are secured by a fixed and floating charge over the assets of the company and its subsidiary companies.

Of the total loan notes, £700,000 represent 8% fixed rate unsecured "B" loan notes. Interest is accrued at 8% per annum on the principal sum, and is due for repayment on four repayment dates per annum, an additional 4% will accrue on any unpaid amounts. The loan notes are due for repayment on 18 November 2018 or on earlier exit by the investors. At the option of the noteholders the company can settle the loan notes for an amount in sterling equal to the lesser of 100.5% of the liability or the liability multiplied by the spot exchange rate for purchase of sterling with euros two weeks before the date due and the spot exchange rate for the purchase of euros with sterling on the due date.

Of the total loan notes £18,000, represent 0% unsecured "C" loan notes. The notes do not carry any right to interest. The loan notes are due for repayment on 18 November 2018 or on earlier exit by the investors. A noteholder can elect that the notes be redeemed in US dollars. If a noteholder becomes a resigned leaver the company shall repay a set percentage of the loan notes in accordance with the articles.

The 'B' and 'C' loan notes are redeemable only once the 'A' loan notes have been settled in full in accordance with a deed of postponement.

The loan notes will become redeemable on demand if an event of default occurs and the noteholders do not pass a special resolution.

A cross-guarantee is in place over loan notes totalling £2,410,000 (2014: £2,410,000) and any accrued interest on these which are outstanding in its parent undertaking Positive Outcomes Training Limited. These are secured by a fixed and floating charge over the assets of the company.

14. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
27,550 A Ordinary shares of £0.01 each	276	276
20,000 B Ordinary shares of £0.01 each	200	200
48,450 C Ordinary shares of £0.01 each	485	485
677,895 D Ordinary shares of £0.001 each	678	678
	<hr/>	<hr/>
	1,639	1,639
	<hr/>	<hr/>

A Ordinary, B Ordinary and C Ordinary shares rank pari passu. The D Ordinary shares are non voting shares.

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

15. Reserves

Group	Share premium account £	Other reserves £	Profit and loss account £
At 1 August 2014 (as previously stated)	159,240	719,122	(871,465)
Prior year adjustment (note 16)			(121,383)
			<hr/>
At 1 August 2014 (as restated)			(992,848)
Profit for the financial year	-	-	41,944
	<hr/>	<hr/>	<hr/>
At 31 July 2015	159,240	719,122	(950,904)
	<hr/>	<hr/>	<hr/>

The other reserve has been created following the purchase of the subsidiary undertaking, the consideration of which included equity shares in the company.

Company	Share premium account £	Other reserves £	Profit and loss account £
At 1 August 2014	159,240	719,122	(96,272)
Loss for the financial year	-	-	(92,241)
	<hr/>	<hr/>	<hr/>
At 31 July 2015	159,240	719,122	(188,513)
	<hr/>	<hr/>	<hr/>

16. Prior year adjustment

The prior year adjustment represents amortisation on the goodwill from the date of acquisition which is now recognised on consolidation.

17. Net cash flow from operating activities

	31 July 2015 £	Period ended 31 July 2014 £
Operating profit/(loss)	234,736	(865,180)
Amortisation of intangible fixed assets	182,074	121,383
Depreciation of tangible fixed assets	77,422	61,573
(Increase)/decrease in debtors	(849,041)	96,019
Increase/(decrease) in creditors	169,239	(139,321)
	<hr/>	<hr/>
Net cash outflow from operating activities	(185,570)	(725,526)
	<hr/>	<hr/>

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

18. Analysis of cash flows for headings netted in cash flow statement

	31 July 2015 £	Period ended 31 July 2014 £
Returns on investments and servicing of finance		
Interest received	-	1,161
Interest paid	(48,754)	(35,000)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	<hr/> (48,754) <hr/>	<hr/> (33,839) <hr/>
	31 July 2015 £	Period ended 31 July 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(78,720)	(25,440)
	<hr/>	<hr/>
	31 July 2015 £	Period ended 31 July 2014 £
Acquisitions and disposals		
Purchase of fixed asset investments	-	(333,779)
	<hr/>	<hr/>
	31 July 2015 £	Period ended 31 July 2014 £
Financing		
Issue of ordinary shares	-	160,001
New secured loans	-	1,009,500
Other new loans	-	46,898
	<hr/>	<hr/>
Net cash inflow from financing	<hr/> - <hr/>	<hr/> 1,216,399 <hr/>

POSITIVE OUTCOMES TRAINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

19. Analysis of changes in net debt

	1 August 2014 £	Cash flow £	Other non-cash changes £	31 July 2015 £
Cash at bank and in hand	271,279	(229,646)	-	41,633
Invoice funding facility	(166,898)	(83,398)	-	(250,296)
	<u>104,381</u>	<u>(313,044)</u>	<u>-</u>	<u>(208,663)</u>
Debt:				
Debts falling due after more than one year	(2,410,000)	-	-	(2,410,000)
	<u>(2,305,619)</u>	<u>(313,044)</u>	<u>-</u>	<u>(2,618,663)</u>
Net debt	<u><u>(2,305,619)</u></u>	<u><u>(313,044)</u></u>	<u><u>-</u></u>	<u><u>(2,618,663)</u></u>

20. Pension commitments

The group operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the group to the scheme and amounted to £26,531 (2014: £14,165).

Contributions totalling £13,067 (2014: £4,737) were payable to the scheme at the balance sheet date and are included within creditors.

21. Operating lease commitments

At 31 July 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	Land and buildings 2014 £	2015 £	Other 2014 £
Group				
Expiry date:				
Within 1 year	10,512	-	251,637	5,860
Between 2 and 5 years	145,944	57,024	140,255	324,276
	<u><u>145,944</u></u>	<u><u>57,024</u></u>	<u><u>140,255</u></u>	<u><u>324,276</u></u>

POSITIVE OUTCOMES TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

22. Related party transactions

Loan notes:

At the year end "A" loan notes of £1,692,000 (2014: £1,692,000) were due to Foresight Nottingham Fund LP, a shareholder of the company. Interest of £135,360 (2014: £95,061) was charged on the balance, of which £230,421 (2014: £95,061) remains unpaid at the period end and is included within other creditors.

At the year end "C" loan notes of £18,000 (2014: £18,000) were due to C Longmate, a director of the company. Interest of £nil (2014: £nil) was charged on the balance.

Shares:

On incorporation, the 1 Ordinary share of £1 was allotted to C Longmate, a director of the company.

On 18 November 2013 the following shares were allotted to directors of the company:

7,600 £1 Ordinary C shares to G M Cripwell
36,000 £1 Ordinary C shares to C Longmate
4,750 £1 Ordinary C shares to C Willey

On 30 April 2015 8,250 shares were re-allocated to non directors, prompted by the resignation of C Willey. As at the year end director shareholdings were as follows:

6,850 £1 Ordinary C shares - G M Cripwell
33,350 £1 Ordinary C shares - C Longmate

23. Controlling party

The group is controlled by C Longmate.

24. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Positive Outcomes Limited	United Kingdom	100	Trading subsidiary acting as a training provider, funded by the government.