

Develop Training Group Limited

Report and Financial Statements

Year Ended

30 September 2011

Company Number 06299573

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Develop Training Group Limited

Report and financial statements for the year ended 30 September 2011

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Directors

R Tompsett
M Dougall
P Kirk

Secretary and registered office

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

Company number

06299573

Auditors

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

Develop Training Group 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

Principal activities, review of business and future developments

Develop Training Group Limited (DTGL) principal activity is that of a holding company

The main activities of the group's subsidiary undertaking is as follows

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 Group Limited (DTGL) that commenced in September 2009

The directors of DTGL 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 DTGL is reflected most noticeably in the increase in the operating profit for the year ended 30 September 2011 to £761,888 which is an increase of +1302% 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 DTGL 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 DTGL 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 DTGL 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

Develop Training Group Limited

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

plans in place for the future of DTGL 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 DTGL for their continued loyalty 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 DTGL.

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

P Kirk

R Coleman (resigned 30 September 2011)

M Dougall was appointed on 1 October 2011

Develop Training Group 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 group and company 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 group and company 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 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.

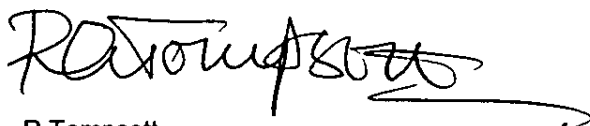
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

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Develop Training Group Limited

Independent auditor's report

To the members of Develop Training Group Limited

We have audited the financial statements of Develop Training Group Limited for the year ended 30 September 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 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 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 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 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 group's and the parent company's affairs as at 30 September 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group 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 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

BDO LLP

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

27.1.12

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

Develop Training Group Limited

Consolidated 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
Gross profit		5,060,508	5,048,046
Administrative expenses - including goodwill amortisation of £593,308 (2010 - £593,308)		4,298,620	4,993,702
Group operating profit	4	761,888	54,344
Loss on disposal of discontinued operations	16	(172,678)	-
Profit on ordinary activities before interest and other income		589,210	54,344
Interest payable and similar charges	7	(1,649,091)	(1,638,226)
Loss on ordinary activities before taxation		(1,059,881)	(1,583,882)
Taxation on loss on ordinary activities	8	(34,225)	37,225
Loss on ordinary activities after taxation		(1,094,106)	(1,546,657)

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

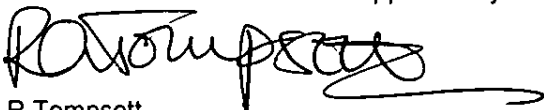
The notes on pages 10 to 24 form part of these financial statements

Develop Training Group Limited

Consolidated balance sheet at 30 September 2011

<i>Company number 06299573</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	10		9,584,990		10,178,298
Tangible assets	11		919,492		1,267,717
			10,504,482		11,446,015
Current assets					
Stocks		-		5,797	
Debtors	13	3,578,356		4,356,191	
Cash at bank and in hand		178,979		15	
			3,757,335		4,362,003
Creditors: amounts falling due within one year	14	3,087,305		3,873,828	
Net current assets			670,030		488,175
Total assets less current liabilities			11,174,512		11,934,190
Creditors: amounts falling due after more than one year	15	16,003,741		15,439,094	
Provisions for liabilities	16	150,000		380,219	
			16,153,741		15,819,313
Capital and reserves					
Called up share capital	18	100,000		100,000	
Other reserves	19	(4,400)		(4,400)	
Profit and loss account	19	(5,074,829)		(3,980,723)	
Shareholders' deficit	20		(4,979,229)		(3,885,123)
			11,174,512		11,934,190

The financial statements were approved by the board of directors and authorised for issue on 27.1.12



R Tompsett
Director

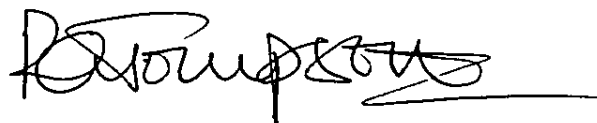
The notes on pages 10 to 24 form part of these financial statements

Develop Training Group Limited

Company balance sheet at 30 September 2011

Company number 06299573	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Fixed asset investments	12		14,923,843		14,923,843
Current assets					
Debtors	13	2,335,222		2,825,947	
Creditors: amounts falling due within one year	14	4,227,759		4,448,549	
Net current liabilities			(1,892,537)		(1,622,602)
Total assets less current liabilities			13,031,306		13,301,241
Creditors: amounts falling due after more than one year	15		16,003,741		15,439,094
Capital and reserves					
Called up share capital	18	100,000		100,000	
Other reserves	19	(4,400)		(4,400)	
Profit and loss account	19	(3,068,035)		(2,233,453)	
Shareholders' deficit	20		(2,972,435)		(2,137,853)
			13,031,306		13,301,241

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 10 to 24 form part of these financial statements

Develop Training Group Limited

Consolidated cashflow statement for the year ended 30 September 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	23		1,319,364		797,174
Returns on investments and servicing of finance					
Interest paid bank loans		(374,973)		(370,526)	
Interest paid other loans		(156,513)		(291,664)	
Net cash outflow from returns on investments and servicing of finance			(531,486)		(662,190)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(72,076)		(17,277)	
Receipts from sale of tangible fixed assets		1,030		350	
Net cash outflow from capital expenditure and financial investment			(71,046)		(16,927)
Cash inflow before use of financing			716,832		118,057
Financing					
New loans		-		2,000,000	
Loans repaid		(526,628)		(2,460,799)	
Net cash outflow from financing			(526,628)		(460,799)
Increase/(Decrease) in cash	24		190,204		(342,742)

The notes on pages 10 to 24 form part of these financial statements

Develop Training Group 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

Going concern

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

The directors have a reasonable expectation that the group 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

Basis of consolidation

The consolidated financial statements incorporate the results of Develop Training Group Limited and all of its subsidiary undertakings as at 30 September 2011 using the acquisition method of accounting. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking 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 which is 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 or local taxes on sales. Turnover is recognised when the risks and rewards of the services has passed to the customer which is generally on delivery of courses

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

Develop Training Group Limited

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

1 Accounting policies (continued)

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt on a straight line basis. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

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 16.

	Continuing £	Discontinued £	Total £
Turnover	14,532,783	522,592	15,055,375
Cost of sales	9,546,535	460,794	10,007,329
Gross profit	4,986,248	61,798	5,048,046
Administrative expenses	4,249,051	744,651	4,993,702
Operating profit/(loss)	737,197	(682,853)	54,344

Develop Training Group Limited

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

3 Turnover

Turnover is wholly attributable to the principal activity of the group 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	593,308	593,308
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 group's auditor for the audit of the group's annual accounts	18,075	18,075
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	5,925	5,925
	<u> </u>	<u> </u>

5 Employees

Staff costs (including directors) consist of

	Group 2011 £	Group 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> </u>	<u> </u>
	4,057,065	5,341,693
	<u> </u>	<u> </u>

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

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

Develop Training Group Limited

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

6 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	265,915	264,160
Company contributions to money purchase pension schemes	1,800	1,800
	<u>267,715</u>	<u>265,960</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 and overdrafts	374,973	370,526
All other loans	958,700	817,131
Amortisation of loan issue costs	90,510	90,510
Loan interest	156,513	291,664
Amortisation of loan note issue costs	68,395	68,395
	<u>1,649,091</u>	<u>1,638,226</u>

Develop Training Group 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	(1,059,881)	(1,583,882)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 27% (2010 - 28%)	(286,168)	(443,487)
Effect of		
Expenses not deductible for tax purposes	358,292	293,184
Capital allowances for period in (excess)/deficit of depreciation	(23,458)	72,614
Marginal relief	(9,551)	-
Other timing differences	(4,890)	-
Losses of the period carried forward	-	77,689
	<u>34,225</u>	<u>-</u>
Current tax charge for the year		
	<u>34,225</u>	<u>-</u>

9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £834,582 (2010 - £859,891) which is dealt with in the financial statements of the parent company.

Develop Training Group Limited

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

10 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 October 2010 and 30 September 2011	11,866,171
<i>Amortisation</i>	
At 1 October 2010	1,687,873
Provided for the year	593,308
At 30 September 2011	2,281,181
<i>Net book value</i>	
At 30 September 2011	9,584,990
At 30 September 2010	10,178,298

Develop Training Group Limited

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

11 Tangible fixed assets

Group

	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)
At 30 September 2011	76,033	1,470,183	223,117	178,402	1,947,735
<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)
At 30 September 2011	59,681	679,976	165,673	122,913	1,028,243
<i>Net book value</i>					
At 30 September 2011	16,352	790,207	57,444	55,489	919,492
At 30 September 2010	204,333	917,254	96,276	49,854	1,267,717

Develop Training Group Limited

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

12 Fixed asset investments

Company

	Group undertakings £	Loans to Subsidiary £	Total £
<i>Cost</i>			
At 1 October 2010 and 30 September 2011	6,349,448	8,574,395	14,923,843

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 Training Limited	100%	Provision of technical and behavioural training skills to employees of utility and facilities management market sectors
Develop Solutions Limited *	100%	Dormant
Develop Training Employee Benefit Limited	100%	Trustee

* held - indirectly

13 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	1,280,202	1,482,895	-	-
Amounts owed by group undertakings	-	-	2,335,222	2,825,947
Prepayments and accrued income	2,298,154	2,873,296	-	-
	<u>3,578,356</u>	<u>4,356,191</u>	<u>2,335,222</u>	<u>2,825,947</u>

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

Develop Training Group Limited

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

14 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans and overdrafts (secured) (note 15)	552,958	537,868	4,225,209	4,445,999
Trade creditors	1,504,419	1,774,058	-	-
Amounts owed to group undertakings	-	-	2,550	2,550
Corporation tax	34,225	-	-	-
Other taxation and social security	304,394	344,878	-	-
Accruals and deferred income	691,309	1,217,024	-	-
	<u>3,087,305</u>	<u>3,873,828</u>	<u>4,227,759</u>	<u>4,448,549</u>

15 Creditors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans (secured)	4,130,046	4,614,609	4,130,046	4,614,609
Other loans	8,946,946	8,856,436	8,946,946	8,856,436
Accruals and deferred income	2,926,749	1,968,049	2,926,749	1,968,049
	<u>16,003,741</u>	<u>15,439,094</u>	<u>16,003,741</u>	<u>15,439,094</u>

Maturity of debt

	Loans and overdrafts 2011 £	Loans and overdrafts 2010 £
In one year or less, or on demand	<u>552,958</u>	<u>537,868</u>
In more than one year but not more than two years	552,958	552,958
In more than two years but not more than five years	3,577,088	4,061,651
In more than five years	8,946,946	8,856,436
	<u>13,076,992</u>	<u>13,471,045</u>

Develop Training Group Limited

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

15 Creditors: amounts falling due after more than one year (*continued*)

Included in creditors due after more than one year are the following amounts repayable in more than five years

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loans	<u>8,946,946</u>	<u>8,856,436</u>	<u>8,946,946</u>	<u>8,856,436</u>

The loans are secured by a fixed and floating charge over the assets of the company

Bank loans

The company has a bank loan with HSBC that is split into two tranches

Tranche 'A' facility of £5.4 million repayable in quarterly instalments by 30 November 2013. Amounts totalling £4.2 million have been repaid to 2011. Repayable in quarterly instalments ranging from £131,657 per quarter to £144,822 per quarter. Interest is charged on the tranche 'A' facility at 4.0% above LIBOR.

Tranche 'B' facility of £3.6 million repayable on the 29 November 2014. This instalment falls due after 5 years. Interest is charged on the Tranche 'B' facility at 4.5% above LIBOR.

Arrangement fees

Included within the loan figures are costs of £344,294 (£953,430 issue costs on original loan less issue costs amortised to date of £609,136). These costs are being amortised over the life of the loan facility in accordance with FRS 4 'Capital Instruments'.

Loan notes

The company also has loan liabilities relating to loan notes. Interest is charged on the loan notes at 9% per annum. £12,063,420 (2010 - £11,104,720) is due after more than 5 years in respect of the loan notes.

A and B PIK notes were issued in the prior year by Barclays Unquoted Investments Limited to satisfy interest accrued in respect of the A and B loan notes of £1,144,987 and £197,376 respectively.

Security

There are 2 life assurance policies over the directors of the company, Russell Coleman dated 19 January 2010 for a term of 5 years and Rod Tompsett dated 19 January 2010 for a term of 3 years. These policies amount to £1,250,000.

The above details are in relation to the position as at 30 September 2011.

Develop Training Group Limited

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

16 Provisions for liabilities

Group

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

Deferred Taxation

A deferred taxation asset in respect of accelerated capital allowances and losses of £120,206 (2010 - £161,691) has not been recognised in the year

Discontinued operations

In the prior year, Develop Training decided to close its Whitwell division as part of a group reorganisation. Additional net charges of £173,678 have been incurred in the period. The remaining provision relates to potential future dilapidation costs and is expected to be utilised in the next twelve months.

17 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £54,771 (2010 - £88,733). Contributions amounting to £10,336 (2010 - £28,498) were payable to the fund and are included in creditors.

Develop Training Group Limited

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

18 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
"A" ordinary shares of 1p each	80,000	80,000
"B" ordinary shares of 1p each	20,000	20,000
	<u>100,000</u>	<u>100,000</u>

19 Reserves

Group

	Other reserves £	Profit and loss account £
At 1 October 2010	(4,400)	(3,980,723)
Loss for the year	-	(1,094,106)
	<u>(4,400)</u>	<u>(5,074,829)</u>
At 30 September 2011	(4,400)	(5,074,829)

Company

	Other reserves £	Profit and loss account £
At 1 October 2010	(4,400)	(2,233,453)
Loss for the year	-	(834,582)
	<u>(4,400)</u>	<u>(3,068,035)</u>
At 30 September 2011	(4,400)	(3,068,035)

Develop Training Group Limited

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

20 Reconciliation of movements in shareholders' deficit

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loss for the year	(1,094,106)	(1,546,657)	(834,582)	(859,891)
Opening shareholders' deficit	(3,885,123)	(2,338,466)	(2,137,853)	(1,277,962)
Closing shareholders' deficit	(4,979,229)	(3,885,123)	(2,972,435)	(2,137,853)

21 Commitments under operating leases

The group 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

22 Related party disclosures

Loan notes

	Loan notes owed to related parties £
2011	
Russell Coleman	41,959
Rod Tompsett	968,712
2010	
Russell Coleman	41,959
Rod Tompsett	968,712

Develop Training Group Limited

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

23 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	761,888	54,344
Additional exceptional expenses on discontinued activities	(86,692)	-
Amortisation of intangible fixed assets	675,196	54,344
Depreciation of tangible fixed assets	593,308	593,308
Loss on sale of tangible fixed assets	233,285	249,857
	-	1,043
Decrease/(increase) in stocks	5,797	(261)
Decrease/(increase) in debtors	777,835	(1,174,539)
(Decrease)/increase in creditors	(835,838)	693,203
(Decrease)/increase in provisions	(130,219)	380,219
Net cash inflow from operating activities	1,319,364	797,174

24 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Increase/(decrease) in cash	190,204	(342,742)
Cash inflow from changes in debt	526,628	460,799
Movement in net debt resulting from cash flows	716,832	118,057
Inception of finance leases	-	4,910
Amortisation of loan note arrangement fees	(68,395)	(68,395)
Amortisation of loan arrangement fees	(90,510)	(90,510)
Movement in net debt	557,927	(35,938)
Opening net debt	(14,008,898)	(13,972,960)
Closing net debt	(13,450,971)	(14,008,898)

Develop Training Group Limited

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

25 Analysis of net debt

	At 1 October 2010 £	Cash flow £	Other non- cash items £	Other non- cash items £	At 30 September 2011 £
Cash at bank and in hand	15	178,964	-	-	178,979
Bank overdrafts	(11,240)	11,240	-	-	-
		<u>190,204</u>			
Debt due within one year	(526,628)	617,138	(484,563)	(158,905)	(552,958)
Debt due after one year	(13,471,045)	(90,510)	484,563	-	(13,076,992)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total	(14,008,898)	716,832	-	(158,905)	(13,450,971)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

The cashflow movements above are shown net of arrangement fees of £953,430 which were incurred in prior years in respect of issue of debt. An amount of £158,905 (2010 £158,905) has been amortised in the period and £344,294 had not been charged to the profit and loss account at 30 September 2011.