

COMPANIES HOUSE COPY

Develop Training Group Limited

Report and Financial Statements

Year Ended

30 September 2014

Company Number 06299573

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COMPANIES HOUSE

Develop Training Group Limited

Report and financial statements for the year ended 30 September 2014

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Directors

M Dougall
A King
C Wood

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

Strategic report for the year ended 30 September 2014

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2014.

Principal activity

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

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

The principal activity of the company is a provider of accredited technical, compliance and behavioural training. The company operates principally in the UK through several regional training centres and delivers training to a broad range of clients but, in particular, to those operating in the utilities, telecommunications and facilities management sectors.

Review of business

Over the financial year the group experienced a fall in its turnover, which declined by £2,061k (18.2%) to £9,277k since the prior year. As a result of lower turnover and less favourable asset and trainer utilisation, gross profit margins fell from 42.1% to 36.4%, as a percentage of turnover and an operating loss of £34k was reported for the year to 30 September 2014, compared with a prior year profit of £934k (a return of 8.2%). These measures are considered to be the group's key performance indicators and the directors are disappointed in this performance.

Accordingly, since the end of the financial year, the group has reinforced its management team, enacted a number of commercial initiatives to redress the recent decline in the group's performance, and strengthened its financial position through the renegotiation of its banking facilities.

There is a high level of variability in demand across the sectors in which the company operates which is influenced by, amongst other factors, the effects of seasonality and scope, access to public sector funding and the effects of Government legislation. Nevertheless the market for technical and compliance training in the UK remains strong, particularly so with regard to ensuring safe working practices. Consequently, as the UK economy grows and the group continues to invest in appropriate web-based systems, training material and its network of training centres, the directors are optimistic that the company will be in a position to trade increasingly profitably and progressively, and benefit from opportunities within the training sector.

This optimism for the future is, however, countered by appropriate prudence. The directors believe that the future performance of the business may be subject to a number of key risk areas, some of which fall outside of its direct influence. These include the business failure or change in ownership of major clients, the loss of a major contract, changes to UK monetary and fiscal policy and the influence of the wider global economy on the UK's economic development.

Key Performance Indicators

	2014 £	2013 £
Turnover	9,276,688	11,337,588
Gross profit	3,379,813	4,775,937
Gross profit margin (%)	36.4	42.1
Net (loss)	(1,691,262)	(750,048)

Develop Training Group Limited

Strategic report
for the year ended 30 September 2014 (*continued*)

Financial risk management

The group has an established, structured approach to risk management. The group'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 group is not exposed to foreign exchange risk. The group has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the group to financial risk consist primarily of trade debtors and cash. Financial liabilities that expose the group to financial risk consist principally of trade creditors, loans and hire purchase agreements. The group's finance department implements the policies set by the board of directors.

The group 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 group'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 group 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.

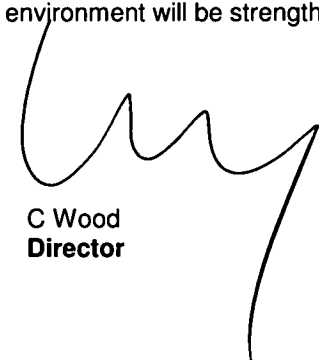
Liquidity risk is the risk that the group does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the group ensures there is an adequate liquidity buffer to cover contingencies. The group maintains sufficient cash and open committed 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 group's long-term borrowings. It is, where appropriate, addressed by the use of derivative instruments provided by the group'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.

In light of a number of accounting issues identified earlier in 2014, and which necessitated the restatement of the financial statements for the year ended 30 September 2013, the directors instituted a review of the company's internal control environment. This has led to the identification of a number of control weaknesses which, as at the date of these financial statements, are being addressed. The directors are confident that by addressing these weaknesses the company's financial control environment will be strengthened significantly.

On behalf of the board


A King
Director


C Wood
Director

22 January 2015

Develop Training Group Limited

Report of the directors for the year ended 30 September 2014

The directors present their report together with the audited financial statements for the year ended 30 September 2014.

Results and dividends

The profit and loss account is set out on page 7 and shows the loss for the year.

Directors

The directors of the company during the year were:

R Tompsett (resigned 21 May 2014)
M Dougall
P Kirk (resigned 7 May 2014)
A King (appointed 7 May 2014)
C Wood (appointed 22 September 2014)

Directors' responsibilities

The directors are responsible for preparing the 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 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.

Develop Training Group Limited

Report of the directors for the year ended 30 September 2014 (*continued*)

Auditors

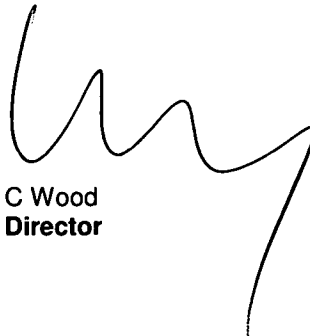
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant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



A King
Director



C Wood
Director

22 January 2015

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 2014 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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.

Develop Training Group Limited

Independent auditor's report (*continued*)

Opinion on other matters prescribed by the Companies Act 2006

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

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.


Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

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 2014

	Note	2014 £	2013 £
Turnover	2	9,276,688	11,337,588
Cost of sales		<u>5,896,875</u>	<u>6,561,651</u>
Gross profit		3,379,813	4,775,937
Administrative expenses		<u>3,877,943</u>	<u>4,018,212</u>
Group operating (loss)/profit	3	(498,130)	757,725
Interest payable and similar charges	6	<u>(1,223,252)</u>	<u>(1,370,643)</u>
Loss on ordinary activities before taxation		(1,721,382)	(612,918)
Taxation on loss on ordinary activities	7	<u>30,120</u>	<u>(137,130)</u>
Loss on ordinary activities after taxation		(1,691,262)	(750,048)

All amounts relate to continuing activities.

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

The notes on pages 11 to 25 form part of these financial statements.

Develop Training Group Limited

Consolidated balance sheet at 30 September 2014

Company number 06299573	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	9		7,805,066		8,398,374
Tangible assets	10		478,380		618,606
			<u>8,283,446</u>		<u>9,016,980</u>
Current assets					
Debtors	12	2,213,138		2,413,282	
Cash at bank and in hand		-		156,850	
		<u>2,213,138</u>		<u>2,570,132</u>	
Creditors: amounts falling due within one year	13	<u>3,465,712</u>		<u>2,321,073</u>	
Net current (liabilities)/assets			<u>(1,252,574)</u>		<u>249,059</u>
Total assets less current liabilities			<u>7,030,872</u>		<u>9,266,039</u>
Creditors: amounts falling due after more than one year	14		<u>17,006,251</u>		<u>17,550,156</u>
			<u>(9,975,379)</u>		<u>(8,284,117)</u>
Capital and reserves					
Called up share capital	16		100,000		100,000
Other reserves	17		(4,400)		(4,400)
Profit and loss account	17		(10,070,979)		(8,379,717)
Shareholders' deficit	18		<u>(9,975,379)</u>		<u>(8,284,117)</u>

The financial statements were approved by the board of directors and authorised for issue on 22 January 2015.

A King
Director

C Wood
Director

The notes on pages 11 to 25 form part of these financial statements.

Develop Training Group Limited

Company balance sheet at 30 September 2014

Company number 06299573	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Fixed asset investments	11		13,515,051		14,923,843
Current assets					
Debtors	12	-		682,385	
Creditors: amounts falling due within one year	13	<u>786,374</u>		<u>2,347,759</u>	
Net current liabilities			<u>(786,374)</u>		<u>(1,665,374)</u>
Total assets less current liabilities			<u>12,728,677</u>		<u>13,258,469</u>
Creditors: amounts falling due after more than one year	14		<u>17,783,251</u>		<u>17,550,156</u>
			<u>(5,054,574)</u>		<u>(4,291,687)</u>
Capital and reserves					
Called up share capital	16		100,000		100,000
Other reserves	17		(4,400)		(4,400)
Profit and loss account	17		<u>(5,150,174)</u>		<u>(4,387,287)</u>
Shareholders' deficit	18		<u>(5,054,574)</u>		<u>(4,291,687)</u>

The financial statements were approved by the board of directors and authorised for issue on 22 January 2015.

A King
Director

C Wood
Director

The notes on pages 11 to 25 form part of these financial statements.

Develop Training Group Limited

Consolidated cashflow statement for the year ended 30 September 2014

	Note	2014 £	2014 £	2013 £	2013 £
Net cash inflow from operating activities	21		1,126,038		1,251,709
Returns on investments and servicing of finance					
Interest paid: bank loans		(58,709)		(59,989)	
Interest paid: other loans		(181,449)		(195,139)	
Net cash outflow from returns on investments and servicing of finance			(240,158)		(255,128)
Taxation					
Corporation tax paid			(194,616)		(241,022)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets			(55,732)		(57,493)
Cash inflow before use of financing			635,532		698,066
Financing					
Loans repaid			(881,657)		(552,958)
(Decrease)/increase in cash	22		(246,125)		145,108

The notes on pages 11 to 25 form part of these financial statements.

Develop Training Group Limited

Notes forming part of the financial statements for the year ended 30 September 2014

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:

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 2014 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Going Concern

At 30 September 2014, the group has reported a loss for the year amounting to £1,691,262 (2013 - £750,848) and at the balance sheet date the group has reported net current liabilities of £1,252,574 (2013 - net current assets £249,059).

In addition, the company has reported an operating loss of £762,887 (2013 - loss £621,357) and at the balance sheet date, the company has reported net current liabilities amounting to £2,195,166 (2013 - £1,665,374).

The group's forecasts and projections, show that the group should be able to operate within the level of its current facilities. The group revised its facilities with the bank on 26 September 2014, with funding being due for renewal on 30 September 2017.

On this basis the directors continue to adopt the going concern basis of accounting in preparing the annual 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 which ranges from 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition; and 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 service 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 and machinery	- 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 2014 (*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 profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. 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.

Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries.

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (continued)

2 Turnover

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

3 Operating (loss)/profit

	2014 £	2013 £
This is arrived at after (crediting)/charging:		
Employment settlement received	(650,000)	-
Depreciation of tangible fixed assets	195,958	195,760
Amortisation of positive goodwill	593,308	593,308
Hire of plant and machinery - operating leases	205,414	197,489
Hire of other assets - operating leases	494,815	495,729
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	6,150	6,150
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	Group 2014 £	Group 2013 £
Wages and salaries	2,715,675	3,100,525
Social security costs	284,196	322,767
Other pension costs	62,949	56,192
	<u> </u>	<u> </u>
	<u>3,062,820</u>	<u>3,479,484</u>

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

	Group 2014 Number	Group 2013 Number
Sales	9	9
Training staff	31	30
Catering, housekeeping and maintenance	2	5
Administration and management	48	59
	<u> </u>	<u> </u>
	<u>90</u>	<u>103</u>

Develop Training Group Limited

Notes forming part of the financial statements for the year ended 30 September 2014 (*continued*)

5 Directors' remuneration

	2014 £	2013 £
Directors' emoluments	236,453	273,746
Amounts paid to third parties in respect of directors' services	33,792	-
	<u>270,245</u>	<u>273,746</u>

The total amount payable to the highest paid director in respect of emoluments was £152,083 (2013 - £175,000).

6 Interest payable and similar charges

	2014 £	2013 £
Bank loans and overdrafts	58,710	59,989
All other loans (excluding loans from group companies)	956,610	956,610
Amortisation of loan issue costs	8,705	90,510
Loan interest	180,187	194,059
Amortisation of loan note issue costs	17,780	68,395
Other interest	1,260	1,080
	<u>1,223,252</u>	<u>1,370,643</u>

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

7 Taxation on loss on ordinary activities

	2014 £	2013 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(30,120)	111,403
Effects of changes in tax rates	-	25,727
	<u>(30,120)</u>	<u>137,130</u>

The tax assessed for the year is different than the standard rate of corporation tax in the UK applied to loss before tax.

	2014 £	2013 £
Loss on ordinary activities before tax	(1,721,382)	(612,918)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 22% (2013 - 24%)	(378,680)	(144,038)
Effect of:		
Expenses not deductible for tax purposes	285,941	241,642
Utilisation of tax losses	19,215	(148,486)
Losses carried forward	64,795	37,807
Depreciation for period in excess of capital allowances	13,741	13,349
Transfer pricing adjustment	(6,469)	-
Other short term timing differences	1,457	(274)
	<u>-</u>	<u>-</u>
Current tax charge for the year	-	-

Tax claim

Due to the financial reporting mis-statements as identified, the group has overpaid corporation tax in previous financial periods. The group will be submitting a repayment claim totalling £469,863.

Factors that may affect future tax charges

The 2014 budget confirmed the reduced corporation tax rates of 21% to apply from 1 April 2014 and 20% to apply from 1 April 2015.

Develop Training Group Limited

Notes forming part of the financial statements for the year ended 30 September 2014 (*continued*)

8 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 £762,887 (2013 - £621,357) which is dealt with in the financial statements of the parent company.

9 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 October 2013 and 30 September 2014	11,866,171
<i>Amortisation</i>	
At 1 October 2013	3,467,797
Provided for the year	593,308
At 30 September 2014	4,061,105
<i>Net book value</i>	
At 30 September 2014	7,805,066
At 30 September 2013	8,398,374

The directors are satisfied that there is no impairment in respect of the recorded carrying value of goodwill.

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

10 Tangible fixed assets

Group

	Leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Other fixed assets £	Total £
<i>Cost</i>					
At 1 October 2013	94,318	1,462,995	245,151	201,953	2,004,417
Additions	7,316	44,316	-	4,100	55,732
At 30 September 2014	101,634	1,507,311	245,151	206,053	2,060,149
<i>Depreciation</i>					
At 1 October 2013	69,404	960,589	200,293	155,525	1,385,811
Provided for the year	9,231	161,596	8,437	16,694	195,958
At 30 September 2014	78,635	1,122,185	208,730	172,219	1,581,769
<i>Net book value</i>					
At 30 September 2014	22,999	385,126	36,421	33,834	478,380
At 30 September 2013	24,914	502,406	44,858	46,428	618,606

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

11 Fixed asset investments

Company

	Group undertakings £	Other loans £	Total £
<i>Cost</i>			
At 1 October 2013	6,349,448	8,574,395	14,923,843
Reduction	-	(1,408,792)	(1,408,792)
At 30 September 2014	6,349,448	7,165,603	13,515,051

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

*held indirectly

Impairment

As a result of the existence of indicators of impairment the directors have performed a net present value calculation in accordance with FRS 11 (the relevant accounting standard) to assess whether any impairment of the carrying value of investment is required. The directors have used forecast cash flows for 2015, 2016 and 2017 (which were based on forecast sales, profits and working capital movements) as the basis for the calculation and then applied a growth rate of 0% into perpetuity and a discount rate of 16%. The forecast sales and profits show a significant increase from the sales and profits achieved in 2014 and working capital movements that provide support to the underlying increase in cash flows that form the basis of the calculation. The directors are aware that if these forecast sales, profits and working capital movements are not achieved then there may need to be an impairment of the carrying value of the investment.

The reduction reflects an offset of an amount due to the subsidiary company as at the year end.

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

12 Debtors

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Amounts receivable within one year				
Trade debtors	1,225,373	1,246,671	-	-
Amounts owed by group undertakings	-	-	-	682,385
Corporation tax recoverable	469,863	275,247	-	-
Prepayments and accrued income	427,677	831,259	-	-
Deferred taxation	90,225	-	-	-
	<u>2,213,138</u>	<u>2,353,177</u>	<u>-</u>	<u>682,385</u>
Amounts receivable after more than one year				
Deferred taxation	-	60,105	-	-
	<u>-</u>	<u>60,105</u>	<u>-</u>	<u>-</u>
Total debtors	<u>2,213,138</u>	<u>2,413,282</u>	<u>-</u>	<u>682,385</u>

	Group Deferred taxation £	Company Deferred taxation £
At 1 October 2013	60,105	-
Credited to profit and loss account	30,120	-
	<u>90,225</u>	<u>-</u>
At 30 September 2014	<u>90,225</u>	<u>-</u>

Deferred taxation

	Group 2014 £	Group 2013 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	40,536	29,211
Short timing differences	2,901	1,577
Tax losses carried forward and other deductions	46,788	29,317
	<u>90,225</u>	<u>60,105</u>

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

13 Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Bank loans and overdrafts (secured)	866,275	131,657	783,824	2,345,209
Trade creditors	1,417,260	1,110,149	-	-
Amounts owed to group undertakings	-	-	2,550	2,550
Taxation and social security	304,957	282,338	-	-
Accruals and deferred income	877,220	796,929	-	-
	<u>3,465,712</u>	<u>2,321,073</u>	<u>786,374</u>	<u>2,347,759</u>

14 Creditors: amounts falling due after more than one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Bank loans (secured)	2,073,000	3,582,221	2,850,000	3,582,221
Other loans	9,136,671	9,127,966	9,136,671	9,127,966
Accrued loan note interest	5,796,580	4,839,969	5,796,580	4,839,969
	<u>17,006,251</u>	<u>17,550,156</u>	<u>17,783,251</u>	<u>17,550,156</u>

The accrued loan interest is in respect of interest payable on loan notes that has not been paid but is carried forward for repayment at a later date.

Maturity of debt:

	Loans and overdrafts 2014 £	Loans and overdrafts 2013 £
In one year or less, or on demand	<u>866,275</u>	<u>131,657</u>
In more than one year but not more than two years	1,036,000	3,582,221
In more than two years but not more than five years	10,173,671	9,127,966
	<u>11,209,671</u>	<u>12,710,187</u>

Develop Training Group Limited

Notes forming part of the financial statements for the year ended 30 September 2014 (continued)

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

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 (Tranche 'B' facility) which was renegotiated on the 26 September 2014.

- The Tranche 'B' facility (£3,600,000) is repayable in instalments. On 30 September 2014, the company made a repayment of £750,000 and the remaining balance is repayable by 10 instalments of £259,000 and a final instalment of £260,000 due on 30 June 2017. Interest is charged on the Tranche 'B' facility at 4 5% above LIBOR.

Loan notes

The company has the following loan liabilities relating to loan notes, Barclays Unquoted Investments Limited £8,126,000, Mr R Tompsett £968,712 and Mr R Coleman £41,959. Interest is charged on the loan notes at 9% per annum. £9,136,671 (2013 - £9,127,966) is due within 2 to 5 years in respect of these loan notes.

A and B PIK notes were issued in 2010 by Barclays Unquoted Investments Limited to satisfy interest accrued in respect of the A and B loan notes of £1,032,837 and £178,045 respectively.

Since the year end, the loan notes held in the name of Mr R Tompsett have been reassigned to Barclays Unquoted Investments Limited.

In accordance with the intercreditor deed dated 29th November 2007, the amount of £9,136,671 included within Other loans will not fall due for repayment to Barclays until the £2,850,000 Bank loan with HSBC has been repaid.

Security

The loan is guaranteed by both Develop Training Group Limited and Develop Training Limited.

15 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 £62,949 (2013 - £56,192). Contributions amounting to £14,505 (2013 - £7,883) were payable to the fund and are included in creditors.

16 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
8,000,00 "A" Ordinary shares of 1p each	80,000	80,000
2,000,000 "B" Ordinary shares of 1p each	20,000	20,000
	100,000	100,000

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

17 Reserves

Group

	Other reserves £	Profit and loss account £
At 1 October 2013	(4,400)	(8,379,717)
Loss for the year	-	(1,691,262)
	<u>(4,400)</u>	<u>(10,070,979)</u>
At 30 September 2014	<u>(4,400)</u>	<u>(10,070,979)</u>

Company

	Other reserves £	Profit and loss account £
At 1 October 2013	(4,400)	(4,387,287)
Loss for the year	-	(762,887)
	<u>(4,400)</u>	<u>(5,150,174)</u>
At 30 September 2014	<u>(4,400)</u>	<u>(5,150,174)</u>

18 Reconciliation of movements in shareholders' deficit

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Loss for the year	(1,691,262)	(750,048)	(762,887)	(621,357)
Opening shareholders' deficit	<u>(8,284,117)</u>	<u>(7,534,069)</u>	<u>(4,291,687)</u>	<u>(3,670,330)</u>
Closing shareholders' deficit	<u>(9,975,379)</u>	<u>(8,284,117)</u>	<u>(5,054,574)</u>	<u>(4,291,687)</u>

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

19 Commitments under operating leases

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

	Land and buildings 2014 £	Other 2014 £	Land and buildings 2013 £	Other 2013 £
Operating leases which expire:				
Within one year	135,182	14,801	24,000	-
In two to five years	263,958	165,368	357,360	168,041
After five years	79,110	-	79,110	-
	<u>478,250</u>	<u>180,169</u>	<u>460,470</u>	<u>168,041</u>

20 Related party disclosures

Loan notes

	Loan notes owed to related parties £
2014	
Mr R Coleman	41,959
Mr R Tompsett	968,712
Barclays Unquoted Investments Limited	8,126,000
2013	
Mr R Coleman	41,959
Mr R Tompsett	968,712
Barclays Unquoted Investments Limited	8,126,000

Develop Training Group Limited

Notes forming part of the financial statements for the year ended 30 September 2014 (continued)

20 Related party disclosures (continued)

Loans and transactions concerning directors and officers of the company

Director loan notes

Mr R Coleman resigned as a director of Develop Training Group Limited on 30 September 2011. At 30 September 2014 the company owed to him loan notes of £41,959 (2013 - £41,959). Interest charged on loan notes during the year totalled £3,776 (2013 - £3,776).

Mr R Tompsett resigned as a director of Develop Training Group Limited on 21 May 2014. At 30 September 2014 the company owed to him loan notes of £968,712 (2013 - £968,712). Interest charged on loan notes during the year totalled £87,184 (2013 - £87,184).

Since the year end, the loan notes held in the name of Mr R Tompsett have been reassigned to Barclays Unquoted Investments Limited.

Barclays Unquoted Investments Limited

Barclays Unquoted Investments Limited (BUIL) has a majority shareholding in Develop Training Group Limited. BUIL also provides finance to the company in the form of interest bearing loan notes. At 30 September 2014 loan notes of £8,126,000 (2013 - £8,126,000) were owed to BUIL by the company. Interest charged on the loan notes during the year totalled £865,650 (2013 - £865,650).

Transactions with related parties

	Purchases from related parties £	Amounts owed to related parties £
ACK Management Limited	33,792	21,202

ACK Management Limited

Anthony King is a director of ACK Management Limited. During the year, £33,792 (2013: £nil) was charged by ACK Management Limited in respect of management consultancy services and the Non Executive Director services of Anthony King. At the year end a total of £21,202 was owed to ACK Management Limited.

21 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2014 £	2013 £
Operating (loss)/profit	(498,130)	757,725
Amortisation of intangible fixed assets	593,308	593,308
Depreciation of tangible fixed assets	195,958	195,760
Decrease in debtors	424,880	11,311
Increase/(decrease) in creditors	410,022	(306,395)
Net cash inflow from operating activities	1,126,038	1,251,709

Develop Training Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2014 (*continued*)

22 Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
(Decrease)/increase in cash	(246,125)	145,108
Cash inflow from changes in debt	881,657	552,958
Movement in net debt resulting from cash flows	635,532	698,066
Inception of finance leases	(26,484)	(158,905)
Movement in net debt	609,048	539,161
Opening net debt	(12,684,994)	(13,224,155)
Closing net debt	(12,075,946)	(12,684,994)

23 Analysis of net debt

	At 1 October 2013 £	Cash flow £	Other non- cash items £	Other non- cash items £	At 30 September 2014 £
Cash at bank and in hand	156,850	(156,850)	-	-	-
Bank overdrafts	-	(89,275)	-	-	(89,275)
		(246,125)			
Debt due within one year	(131,657)	131,657	(777,000)	-	(777,000)
Debt due after one year	(12,710,187)	750,000	777,000	(26,484)	(11,209,671)
Total	(12,684,994)	635,532	-	(26,484)	(12,075,946)

The cashflow movements are shown net of arrangement fees of £953,430 which were incurred in prior years in respect of debt issue costs. An amount of £26,484 has been amortised in the period. There are no further prepaid arrangement costs to be amortised as at 30 September 2014.