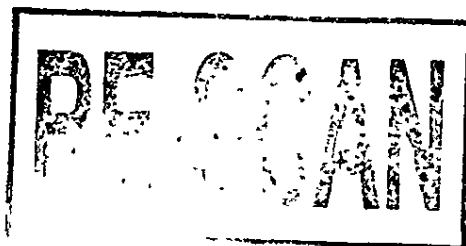


Develop Training Group Limited

**Annual report and consolidated
financial statements**

Registered number 06299573

30 September 2015



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Contents

Company information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	5
Independent auditor's report to the members of Develop Training Group Limited	6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes	11

Company information

Directors

A King
C Wood
J Kerr
S Kelsall
C Wall
C A Rogerson

Secretary and registered office

S Kelsall
Derby Training Centre
Ascot Drive
Derby
DE24 8GW

Company number

06299573

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Strategic report

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2015

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 as 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 company reviewed its strategic position and subsequently followed a course of action to strengthen its operational structure and reinvigorate its commercial approach. The directors recognise that the short-term effects of these changes led the company to experience a very slight decline in its turnover to £9.2 million and less favourable asset and trainer utilisation. This resulted in a fall in gross profit margins from 36% to 33%, as a percentage of turnover. Despite this fall in gross margins, the company's operating losses before amortisation, depreciation and one-off income from employment settlements fell only marginally from a loss in 2013/14 of £359k to a loss in 2014/15 of £66k.

As a direct result of the changes enacted over the year, the directors are delighted that underlying sales order intake has grown significantly. Order input increased by 74% across 2014/15, on a 13-week basis, to a weekly average of £218k. This progression, which in part reflects increasing market demand for the company's long-term apprenticeship schemes, has led to an opening order book for 2015/16 of over £3.5 million, which is 50% higher than that at the beginning of 2014/15.

Measures of sales, profitability and order intake are considered to be the group's key performance indicators. Accordingly, although the directors are disappointed in the group's overall financial performance for the year, they are delighted with the turnaround in underlying sales growth and the prospect this brings for future growth.

As a result of this confidence, since the end of the financial year, the group has further strengthened its senior management team and continued to enact a number of commercial initiatives to improve its performance. The group has also reinforced its financial position through a capital restructuring which saw £14.9 million of debt on the September 2014 balance sheet swapped for equity during the year. On 27 October 2015 the group successfully renegotiated and extended its banking facilities, and took out an additional loan of £750k with Barclays Unquoted Investments Limited.

There is a high level of variability in demand across the sectors in which the group 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 and meeting the country's utility sector skills shortages. 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 group will be in a position to trade increasingly profitably and progressively, and benefit from opportunities within the training sector.

This high level of 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.

Strategic report (continued)

Key performance indicators

	2015 £000	2014 £000
Turnover	9,222	9,277
Gross profit	3,024	3,380
Gross profit margin (%)	32.8	36.4
Net loss	(1,815)	(1,691)

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 rates risks. The group has adopted risk management policies that seek to mitigate these risks in an appropriate manner. Financial assets that expose the group to financial risk consist principally of trade debtors and cash. Financial liabilities that expose the group to financial risk consist principally of trade creditors and loans. The group's finance department implements the policies set by the board of directors to best mitigate against these.

Exposure to Market Risk

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. Further comfort is drawn from the legislative and compliance requirements that drive the need for the group's services amongst its customer base.

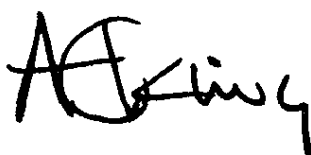
Credit Risk

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 credit sales are made.

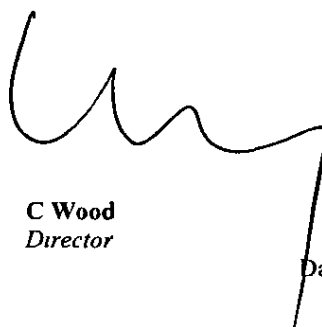
Liquidity & Cash Flow Risk

Liquidity and cash flow risk is the risk of encountering difficulty in meeting financial liabilities. The group aims to mitigate liquidity risk by managing cash generation and applying robust cash forecasting as part of its day to day control procedures. The group maintains sufficient cash and open committed credit lines from its bankers to meet its funding requirements.

By order of the board



A King
Director



C Wood
Director

Dated 29.6.16

Directors' report

The directors present their report together with the audited financial statements for the year ended 30 September 2015

Results and dividends

The loss for the year is shown in the attached profit and loss account. Ordinary dividends of £nil were paid during the period (2014 £nil)

Directors

The directors who held office during the year were as follows

M Dougall	(resigned 23 January 2015)
A King	
C Wood	
J Kerr	(appointed 21 July 2015)
S Kelsall	(appointed 1 October 2015)
C Wall	(appointed 25 May 2016)
C A Rogerson	(appointed 25 May 2016)

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year

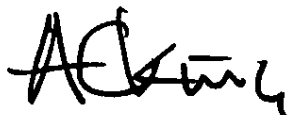
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

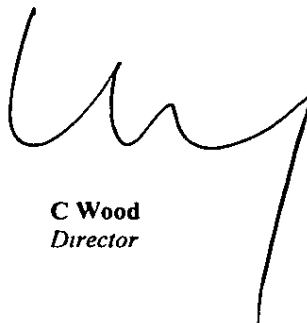
Auditor

BDO LLP resigned as auditor during the year and KPMG LLP was appointed. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



A King
Director



C Wood
Director

Registered office

Derby Training Centre
Ascot Drive
Derby
DE24 8GW

Dated 29.6.16

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



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 2015 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/audit/scopeukprivate.

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 2015 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK 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 Directors' and Strategic Reports 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.

Craig Parkin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated 29 June 2016

Consolidated profit and loss account
for the year ended 30 September 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	9,222	9,277
Cost of sales		(6,198)	(5,897)
Gross profit		3,024	3,380
Administrative expenses		(3,868)	(3,878)
Group operating loss	3	(844)	(498)
Interest payable and similar charges	6	(972)	(1,223)
Loss on ordinary activities before taxation		(1,816)	(1,721)
Taxation on loss on ordinary activities	7	1	30
Loss on ordinary activities after taxation	17	(1,815)	(1,691)

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

Consolidated balance sheet
for the year ended 30 September 2015

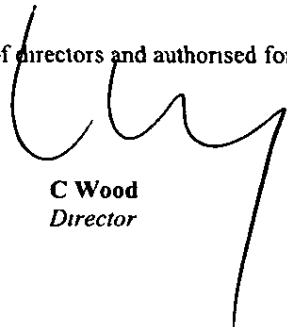
	Note	2015 £000	As restated 2014 £000
Fixed assets			
Intangible assets	9	7,212	7,805
Tangible assets	10	322	478
		<u>7,534</u>	<u>8,283</u>
Current assets			
Debtors	12	1,950	1,997
Cash at bank and in hand		-	-
		<u>1,950</u>	<u>1,997</u>
Creditors amounts falling due within one year	13	<u>(5,612)</u>	<u>(3,249)</u>
Net current liabilities		<u>(3,662)</u>	<u>(1,252)</u>
Total assets less current liabilities		<u>3,872</u>	<u>7,031</u>
Creditors amounts falling due after more than one year	14	-	(17,006)
Net assets/(liabilities)		<u>3,872</u>	<u>(9,975)</u>
Capital and reserves			
Called up share capital	16	100	100
Share premium	17	15,662	-
Other reserves	17	(4)	(4)
Profit and loss account	17	(11,886)	(10,071)
Shareholders' funds/(deficit)	18	<u>3,872</u>	<u>(9,975)</u>

On 27 October 2015, the Company agreed new banking facilities with HSBC and took out an additional loan of £750,000 with Barclays Unquoted Investments Limited. Had the facilities been agreed on 30 September 2015, £2,767,000 of 'Creditors falling due within one year' would have been disclosed as 'Creditors falling due after more than one year'. A pro-forma balance sheet with this adjustment is shown in note 24.

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

29.6.16


A King
Director


C Wood
Director

Company registration number 06299573

Company balance sheet
for the year ended 30 September 2015

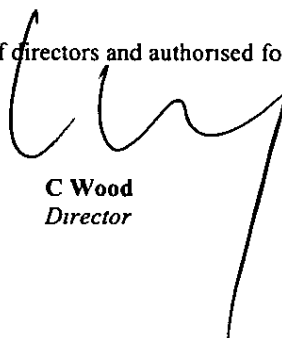
	Note	2015 £000	2014 £000
Fixed assets			
Fixed asset investments	11	13,700	13,515
Current assets			
Debtors	12	-	-
Creditors amounts falling due within one year	13	(3,300)	(786)
Net current liabilities		(3,300)	(786)
Total assets less current liabilities		10,400	12,729
Creditors: amounts falling due after more than one year	14	-	(17,783)
Net assets/(liabilities)		10,400	(5,054)
Capital and reserves			
Called up share capital	16	100	100
Share premium	17	15,662	-
Other reserves	17	(4)	(4)
Profit and loss account	17	(5,358)	(5,150)
Shareholders' funds/(deficit)	18	10,400	(5,054)

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

29.6.16



A King
Director



C Wood
Director

Company registration number 06299573

Consolidated cash flow statement
for the year ended 30 September 2015

	<i>Note</i>	2015	2014
		£000	£000
Net cash from operating activities	<i>19</i>	(537)	1,126
Returns on investment and servicing of finance			
Interest paid bank loans		(73)	(59)
Other loans		(128)	(181)
Net cash outflow from returns on investments and servicing of finance		(201)	(240)
Taxation			
Corporation tax received/(paid)		461	(195)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(29)	(56)
Cash flow before use of financing		(306)	636
Financing			
Loan notes repaid		(42)	(881)
Decrease in cash	<i>20</i>	(348)	(246)

Notes

(forming part of the financial statements)

1 Accounting policies

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

The following 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 2015 using the acquisition 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 2015, the group has reported an operating loss for the year amounting to £844,000 (2014 £498,000). At the balance sheet date the group has reported net current liabilities of £3,662,000 (2014 £1,252,000) and reported net assets of £3,872,000 (2014 net liabilities £9,975,000). In addition the company has reported a loss after taxation of £208,000 (2014 £763,000).

The improvement in net assets of the Group is a combination of the trading result for the year offset by a debt equity swap with the majority shareholder which saw the capitalisation of £9,094,712 of liability on the 30 September 2014 balance sheet converted to equity.

In addition to the debt for equity swap referred to above, post year end, the Group has taken out a loan with Barclays Unquoted Investments Limited to provide a further cash injection into the business totalling £750,000. The cash injection was undertaken alongside a revision of the banking facilities which saw facilities put in place for Develop Training Group Limited and its subsidiaries through to 31 October 2018. Had the new facilities been agreed at 30th September, the year end balance sheet would have looked materially different and accordingly a pro forma balance sheet has been included at note 24.

The directors have prepared forecasts and projections assessing the group's performance over the next three years and its compliance with the covenants attaching to the above facilities. The directors recognise that the headroom over the required covenant positions in the next twelve months in particular is narrow and will be a key area of management focus in the coming 12 months. The directors are confident that, based on the current order book and plans for the business, the group will be able to operate within its current facilities and that they will be able to take any necessary action to ensure that the group does comply with the covenant positions as set out in the above agreements.

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 director's estimate of its useful economic life being 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full accounting year following acquisition, and in other periods if event 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 generally recognised when the risks and rewards of the service has passed to the customer which is generally on delivery of courses.

Notes (continued)

1 Accounting policies (continued)

Depreciation

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

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

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investment 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 amounts charged are 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

Operating lease 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.

Restatements

The directors have reviewed the prior year balances and have made a presentational adjustment to better reflect the classifications within the consolidated balance sheet. A reclassification of £216,000 between trade debtors and accruals and deferred income has been recorded. There has been no profit or net assets impact as a result of this reclassification.

2 Turnover

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

Notes (continued)

3 Operating loss

	2015 £000	2014 £000
<i>This is arrived at after charging/(crediting)</i>		
Depreciation of tangible fixed assets	185	196
Amortisation of positive goodwill	593	593
Operating leases - hire of plant and machinery	212	205
- hire of other assets	500	495
Employment settlement received	-	(650)
<i>Auditor's remuneration</i>		
- audit of these financial statements	5	6
- audit of financial statements of subsidiaries pursuant to legislation	23	19
- other services relating to taxation	6	7
	<u> </u>	<u> </u>

4 Employees

	2015 £000	2014 £000
<i>Staff costs (including directors) consists of</i>		
Wages and salaries	2,830	2,716
Social security costs	288	284
Other pension costs (note 15)	164	63
	<u> </u>	<u> </u>
	3,282	3,063
	<u> </u>	<u> </u>

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

	2015 Number	2014 Number
Sales	13	9
Training staff	43	31
Catering, housekeeping and maintenance	7	2
Administration and management	37	48
	<u> </u>	<u> </u>
	100	90
	<u> </u>	<u> </u>

5 Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	232	236
Amounts paid to third parties in respect of directors' services	54	34
Company contributions to money purchase pension schemes	8	-
	<u> </u>	<u> </u>
	294	270
	<u> </u>	<u> </u>

The total amount payable to the highest paid director in respect of emoluments was £150,868 (2014 £152,083) and Company pension contributions of £7,800 (2014 £nil) were made to a money purchase scheme on his behalf

Retirement benefits are accruing to one director (2014 two directors) under money purchase schemes

Notes (continued)

6 Interest payable and similar charges

	2015 £000	2014 £000
Banks loans and overdrafts	73	59
All other loans (excluding loans from group companies)	771	956
Amortisation of loan issue costs	-	9
Loan interest	128	180
Amortisation of loan note issue costs	-	18
Other interest	-	1
	<u>972</u>	<u>1,223</u>

7 Taxation on loss on ordinary activities

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current tax on loss of the year	-	-
Adjustments in respect of previous periods	(1)	-
Total current tax	<u>(1)</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(30)
Tax on loss on ordinary activities	<u>(1)</u>	<u>(30)</u>

The current tax credit for the year is lower (2014 lower) than the standard rate of corporation tax in the UK of 20.5% (2014 22%)

	2015 £000	2014 £000
Loss on ordinary activities before tax	<u>(1,816)</u>	<u>(1,721)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20.5% (2014 22%)	<u>(372)</u>	<u>(379)</u>
<i>Effect of</i>		
Expenses not deductible for tax purposes	195	286
Utilisation of tax losses	(36)	19
Loss carried forward	165	65
Depreciation for period in excess of capital allowances	36	14
Transfer pricing adjustment	-	(6)
Other short term timing differences	12	1
Adjustments in respect of previous periods	(1)	-
Total current tax	<u>(1)</u>	<u>-</u>

Factors that may affect future tax charges

Notes (continued)

7 Taxation on loss on ordinary activities (continued)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 September 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

8 Loss 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 the financial statements. The group loss for the year includes a loss after tax of £208,000 (2014 £764,000) which is dealt with in the financial statements of the parent company.

9 Intangible fixed assets

Group	Goodwill on consolidation £000
<i>Cost</i>	
At 1 October 2014 and 30 September 2015	11,866
<i>Accumulated amortisation</i>	
At 1 October 2014	4,061
Provided for the year	593
At 30 September 2015	4,654
<i>Net book value</i>	
At 30 September 2015	7,212
At 30 September 2014	7,805

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

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 2016 to 2020 (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 10%. The forecast sales and profits show a significant increase from the sales and profits achieved in 2015 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 directors take comfort that the current year sales forecasts are largely underpinned by the rapidly growing order book.

Notes (continued)

10 Tangible fixed assets

Group	Leasehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Other fixed assets £000	Total £000
<i>Cost</i>					
At 1 October 2014	102	1,507	245	206	2,060
Additions	-	13	-	16	29
At 30 September 2015	102	1,520	245	222	2,089
<i>Accumulated depreciation</i>					
At 1 October 2014	79	1,122	209	172	1,582
Provided in the year	8	156	9	12	185
At 30 September 2015	87	1,278	218	184	1,767
<i>Net book value</i>					
At 30 September 2015	15	242	27	38	322
At 30 September 2014	23	385	36	34	478

11 Fixed asset investments

Company	Group undertakings £000	Other loans £000	Total £000
<i>Cost</i>			
At 1 October 2014	6,349	7,166	13,515
Increase	-	185	185
At 30 September 2015	6,349	7,351	13,700

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

Subsidiary	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 marketing sectors
Develop Solutions Limited *	100%	Dormant
Develop Training Employment Benefit Limited	100%	Trustee

* held indirectly

Notes (continued)

12 Debtors

	Group		Company	
	As restated			
	2015	2014	2015	2014
	£000	£000	£000	£000
<i>Amounts falling due within one year</i>				
Trade debtors	1,353	1,009	-	-
Corporation tax recoverable	10	470	-	-
Prepayments and accrued income	491	428	-	-
Other debtors	6	-	-	-
Deferred taxation (see below)	90	90	-	-
	<u>1,950</u>	<u>1,997</u>	<u>-</u>	<u>-</u>
			Group	Company
			Deferred	Deferred
			taxation	taxation
			£000	£000
At 1 October 2014			90	-
Credited to the profit and loss account			-	-
At 30 September 2015			<u>90</u>	<u>-</u>
Group			2015	2014
			£000	£000
<i>The amount of deferred tax provided is as follows</i>				
Accelerated capital allowances			20	40
Short timing differences			15	3
Tax losses carried forward and other deductions			55	47
			<u>90</u>	<u>90</u>

There are £1,511,265 (2014 £nil) of unrecognised losses for which a deferred tax asset of £302,235 (2014 £nil) has not been recognised

Notes (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2015	As restated 2014	2015	2014
	£000	£000	£000	£000
Bank loans (secured) (note 14)	2,850	777	2,850	-
Overdraft	437	89	447	783
Trade creditors	1,320	1,417	-	-
Amounts owed to group undertakings	-	-	3	3
Taxation and social security	275	305	-	-
Accruals and deferred income	730	661	-	-
	<u>5,612</u>	<u>3,249</u>	<u>3,300</u>	<u>786</u>

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loans (secured)	-	2,073	-	2,850
Other loans	-	9,137	-	9,137
Accruals and deferred income	-	5,796	-	5,796
	<u>-</u>	<u>17,006</u>	<u>-</u>	<u>17,783</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. During 2015 all historic and capitalised loan note interest was converted to equity by the loan note holders.

Included in creditors is £0.01 (2014: nil) relating to one 'Z' ordinary share which is classified as a liability. The classification as a liability is on the basis that the share has a contracted right to a dividend at a fixed percentage of profit. The amount classified in liabilities is the £0.01 (2014: £nil) nominal value of the share.

Maturity of debt

	2015	2014
	£000	£000
Loans and overdrafts		
In one year or less, or on demand	<u>3,287</u>	<u>866</u>
In more than one year, but not more than two years	-	1,036
In more than two years, but not more than five years	-	10,174
	<u>-</u>	<u>11,210</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 (Tranche 'B' facility) which was renegotiated on 27 October 2015.

The Tranche 'B' facility (£2,850,000) is repayable by instalments. The remaining balance is repayable by increasing monthly instalments with the final instalment due on 31 October 2018. Interest is charged on the Tranche 'B' facility at 4.5% above LIBOR.

Notes (continued)

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

Loan notes

On 21 July 2015, Barclays Unquoted Investments Limited, the holders of the loan notes entered into a capitalisation deed with the Company and converted their loan notes and all accrued interest into equity

The transaction resulted in £9,094,712 of other loans, £5,796,580 of accrued interest at the 30 September 2014 balance sheet and £770,800 of interest accrued during the year ended 30 September 2015 being converted to equity in order to more accurately reflect the nature of the investment

Security

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

15 Pensions

The group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension charge amounted to £164,176 (2014 £62,949). Contributions amounting to £13,816 (2014 £14,506) were payable to the fund and are included in creditors.

16 Share capital

	2015 £000	2014 £000
<i>Allotted called up and fully paid</i>		
8,000,000 (2014 8 000 000) 'A' ordinary shares of 1p each	80	80
2,000,000 (2014 2,000,000) 'B' ordinary shares of 1p each	20	20
1 (2014 nil) 'Y' ordinary share of 1p each	-	-
	100	100

On 21 July 2015 one 'Y' ordinary share was issued. The equity share was acquired by Barclays Unquoted Investments Limited pursuant to their debt capitalisation.

Ranking

Dividends

The 'A', 'B' ordinary shareholders are entitled to dividend payments amounting to 80% of such aggregate amount in respect of all issued 'A' ordinary shares and 'B' ordinary shares as is equal to the total amount of the Participating Dividend paid on the 'Z' Ordinary Shares (as a class) in respect of the Relevant Accounting Period.

The 'Y' ordinary shareholders is entitled to dividend payments amounting to 20% of such aggregate amount in respect of all issued 'Y' ordinary shares as is equal to the total amount of the Participating Dividend paid on the 'Z' Ordinary Shares (as a class) in respect of the Relevant Accounting Period.

After the accrual of the Participating dividend, each 'A', 'B', 'Y' and 'Z' ordinary shares is entitled *pari passu* to dividend payments.

Notes (continued)

16 Share capital (continued)

Proceeds on a sale, listing or liquidation

The proceeds payable to the shareholders in respect of their shares ('shareholder proceeds') in respect of a sale, listing or liquidation shall be allocated among them so that they receive the following amounts in the following manner and order of priority

- (a) Firstly, in paying the 'Y' ordinary shareholder an amount equal to the sum of £8,000,000 plus the 'Y' ordinary share multiplier of such exit proceeds/surplus assets and retained profits,
- (b) Secondly, in paying the 'Y' and 'Z' ordinary shareholders an amount equal to 80% and in paying the 'B' ordinary shareholders an amount equal to 20% of the next £6,978,750 of such exit proceeds/surplus assets and retained profits,
- (c) Thirdly in paying the 'Y' and 'Z' ordinary shareholders an amount equal to 70% and in paying the 'B' ordinary shareholders an amount equal to 30% of the next £2,550,143 of such exit proceeds/surplus assets and retained profits,
- (d) Finally, in paying the 'A' ordinary shareholders an amount equal to 70% and in paying the 'B' ordinary shareholders an amount equal to 30% of any surplus exit proceeds/surplus assets and retained profits

17 Reserves

	Group			Company		
	Share premium £000	Other reserves £000	Profit and loss account £000	Share premium £000	Other reserves £000	Profit and loss account £000
At 1 October 2014	-	(4)	(10,071)	-	(4)	(5,150)
Loss for the year	-	-	(1,815)	-	-	(208)
Debt to equity restructure	15,662	-	-	15,662	-	-
At 30 September 2015	15,662	(4)	(11,886)	15,662	(4)	(5,358)

During the year the Group completed a debt for equity restructure. See note 14 for further details.

18 Reconciliation of movement in shareholders' funds

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Loss for the year	(1,815)	(1,691)	(208)	(763)
Debt to equity restructure	15,662	-	15,662	-
Net movement in shareholders' funds	13,847	(1,691)	15,454	(766)
Opening shareholders' funds	(9,975)	(8,284)	(5,054)	(4,291)
Closing shareholders' funds	3,872	(9,975)	10,400	(5,054)

Notes (continued)

19 Reconciliation of operating loss to net cash flow from operating activities

	2015 £000	As restated 2014 £000
Operating loss	(844)	(498)
Amortisation of intangible fixed assets	593	593
Depreciation of tangible fixed assets	185	196
(Increase)/decrease in debtors	(197)	209
(Decrease)/increase in creditors	(274)	626
Net cash (outflow)/inflow from operating activities	<u>(537)</u>	<u>1,126</u>

20 Reconciliation of net cash flow to movement in net debt

	2015 £000	2014 £000
Decrease in cash	(348)	(246)
Repayment of debt	42	882
Movement in net debt resulting from cash flows	<u>(306)</u>	636
Inception of finance leases	-	(27)
Other non-cash changes (note 21)	<u>9,095</u>	-
Movement in net debt	8,789	609
Opening net debt	<u>(12,076)</u>	<u>(12,685)</u>
Closing net debt	<u>(3,287)</u>	<u>(12,076)</u>

21 Analysis of net debt

	Opening balance £000	Cash flow £000	Other non- cash items £000	Other non- cash items £000	Closing balance £000
Cash at bank and in hand	-	-	-	-	-
Bank overdrafts	(89)	(348)	-	-	(437)
	<u>(89)</u>	<u>(348)</u>	<u>-</u>	<u>-</u>	<u>(437)</u>
Debt due within one year	(777)	-	(2,073)	-	(2,850)
Debt due after one year	(11,210)	42	2,073	9,095	-
Total	<u>(12,076)</u>	<u>(306)</u>	<u>-</u>	<u>9,095</u>	<u>(3,287)</u>

The non-cash flows of £9,095,000 relate to the debt for equity restructure. See note 14 for details.

Notes (continued)

22 Commitments under operating leases

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

	Land and buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
<i>Operating leases which expire</i>				
Within one year	40	135	62	15
In two to five years	425	264	153	165
After five years	18	79	-	-
	<u>483</u>	<u>478</u>	<u>215</u>	<u>180</u>

23 Related party disclosures

<i>Loan notes</i>	2015 £000	2014 £000
<i>Loans owed to related parties</i>		
Mr R Coleman	-	42
Mr R Tompsett	-	969
Barclays Unquoted Investments Limited	-	8,126
	<u>-</u>	<u>9,137</u>

Loans and transactions concerning directors and officers of the company

During the year, Develop Training Group Limited repaid the £41,959 (2014 £nil) of loan notes held by Russell Coleman. Russell Coleman was a Director of Develop Training Group Limited until his resignation on 30 September 2011.

During 2014, the Loan notes held in the name of Mr R Tompsett were re-assigned to Barclays Unquoted Investments Limited.

Barclays Unquoted Investments Limited ('BUIL') has a majority shareholding in Develop Training Group Limited. During 2015, BUIL also provided finance to the company in the form of interest bearing loan notes. Interest charged on the loan notes during 2015 totalled £770,800 (2014 £865,650). On 21 July 2015, the BUIL loan notes, together with the loan notes transferred to them from Mr R Tompsett during 2014 were converted into ordinary voting shares in Develop Training Group Limited. As a result, at 30 September 2015 loan notes of £nil (2014 £8,126,000) were owed to BUIL by the company.

Transactions with related parties

ACK Management Limited

During the year ended 30 September 2015, the company made purchases from ACK Management Limited of £54,337 (2014 £33,792) and owed ACK Management Limited £11,760 (2014 £21,202).

Anthony King is a director of ACK Management Limited. During the year, £54,337 (2014 £33,792) 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 £11,760 (2014 £21,202) was owed to ACK Management Limited.

Notes (continued)

24 Pro forma consolidated balance sheet

On 27 October 2015, the Company agreed new banking facilities with HSBC and took out an additional loan of £750,000 with Barclays Unquoted Investments Limited. The balance sheet below shows the pro forma position at 30 September 2015 had the facilities been agreed on 30 September 2015.

	Note	2015 £000	As restated 2014 £000
Fixed assets			
Intangible assets		7,212	7,805
Tangible assets		322	478
		<u>7,534</u>	<u>8,283</u>
Current assets			
Debtors		1,950	1,997
Cash at bank and in hand		313	-
		<u>2,263</u>	<u>1,997</u>
Creditors: amounts falling due within one year		<u>(2,875)</u>	<u>(3,249)</u>
Net current liabilities		<u>(612)</u>	<u>(1,252)</u>
Total assets less current liabilities		<u>6,922</u>	<u>7,031</u>
Creditors: amounts falling due after more than one year		<u>(3,050)</u>	<u>(17,006)</u>
Net assets/(liabilities)		<u><u>3,872</u></u>	<u><u>(9,975)</u></u>
Capital and reserves			
Called up share capital		100	100
Share premium		15,662	-
Other reserves		(4)	(4)
Profit and loss account		<u>(11,886)</u>	<u>(10,071)</u>
Shareholders' funds/(deficit)		<u><u>3,872</u></u>	<u><u>(9,975)</u></u>

25 Ultimate controlling party

The company is controlled by its shareholders.