

Develop Training Limited

Annual report and financial statements

Registered number 06115331
30 September 2017



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Company information

Directors

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

Secretary and registered office

S Kelsall
Derby Training Centre
Ascot Drive
Derby
DE24 8GW

Company number

06115331

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 2017.

Principal activity

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

The Company's turnover in the year has been adversely impacted by a general weakness in the UK's construction and facilities management sectors, the immediate impact of introduction of the Apprentice Levy from April 2017, and the continuing impact of reduced public spending. As a result of these factors, and after strong sales growth reported in 2016, turnover has reduced marginally in the year to £9.6m.

The Directors are nevertheless confident that these factors will not continue for the long term and that the introduction of the Apprenticeship Levy and associated changes in the UK's educational landscape will provide a strategically important platform for the Company's future growth.

Despite a lower turnover, improved operational efficiencies facilitated by materially improved asset and trainer utilisation, have resulted in continued strong earnings growth. Accordingly, gross profit margins have risen from 48% to 51%, as a percentage of turnover, and the company's operating profits before interest, amortisation and depreciation have continued their positive trend from 2016, increasing to £1,061,000 in 2016/17 from £716,000 in 2015/16, an increase of 48%.

The directors are pleased to report that, despite the effects during the year noted above the future prospects for the business appear to be strong. Whilst order intake was affected during 2016/17, partially as a result of customer caution leading from the introduction of the Apprentice Levy, the level of provisional or unconfirmed orders held at the end of the year were 23% higher than those at the end of 2015/16. The Directors view this measure confidently as a reliable indicator of strong future order intake and therefore growth in 2017/18, particularly when this is considered in conjunction with a growing pipeline of interest centred on the provision of long-term Apprenticeships.

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 sales achieved during 2016/17, they are delighted to report a continued improvement in underlying profitability.

The directors consider therefore that the strategic direction taken by the Company in recent years remains valid and will provide the basis for continued profitable and stable growth.

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 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

	2017	2016
	£000	£000
Turnover	9,648	10,468
Gross profit	4,889	5,043
Gross profit margin (%)	50.7	48.2
Net profit	329	146

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

Exposure to Market Risk

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. Further comfort is drawn from the legislative and compliance requirements that drive the need for the company'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 Company 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.

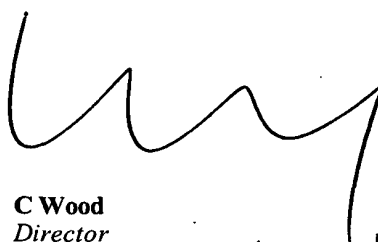
Liquidity & Cash Flow Risk

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

By order of the board



S Kelsall
Director



C Wood
Director

Dated: 16 November 2017

Directors' report

The directors present their report together with the audited financial statements for the year ended 30 September 2017.

Results and dividends

The profit for the year is shown in the attached profit and loss account.

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who held office during the year were as follows:

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

Political contributions

The Company made no 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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

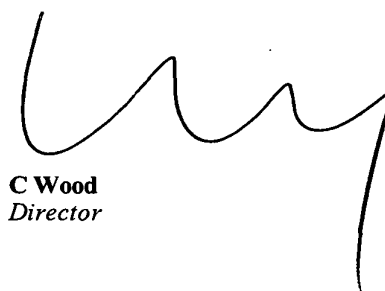
Auditor

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



S Kelsall
Director



C Wood
Director

Registered office

Derby Training Centre
Ascot Drive
Derby
DE24 8GW

Dated: 16 November 2017

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 financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Develop Training Limited

Opinion

We have audited the financial statements of Develop Training Limited ("the company") for the year ended 30 September 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.



Independent auditor's report to the members of Develop Training Limited (continued)

Directors' responsibilities

As explained more fully in their statements 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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: 16th November 2017

Profit and loss account
for the year ended 30 September 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	9,648	10,468
Cost of sales		(4,759)	(5,425)
Gross profit		4,889	5,043
Administrative expenses		(4,382)	(4,919)
Operating profit	3	507	124
Interest payable and similar charges	6	-	(70)
Profit before taxation		507	54
Taxation on profit	7	(178)	92
Profit after taxation		329	146

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.

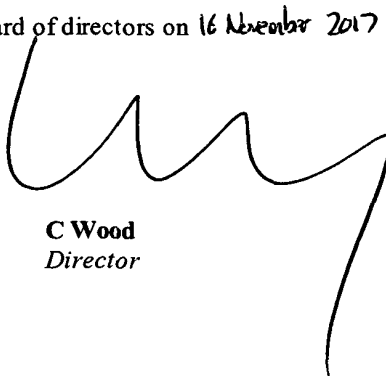
Balance sheet
for the year ended 30 September 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	8	4,306	4,752
Tangible assets	9	203	273
		<u>4,509</u>	<u>5,025</u>
Current assets			
Debtors	11	1,773	2,036
Creditors: amounts falling due within one year	12	<u>(1,738)</u>	<u>(2,092)</u>
Net current assets/(liabilities)		<u>35</u>	<u>(56)</u>
Total assets less current liabilities		<u>4,544</u>	<u>4,969</u>
Creditors: amounts falling due after more than one year	13	<u>-</u>	<u>(7,012)</u>
Net assets/(liabilities)		<u>4,544</u>	<u>(2,043)</u>
Capital and reserves			
Called up share capital	15	1,027	1,027
Other reserves		8,190	1,932
Profit and loss account		<u>(4,673)</u>	<u>(5,002)</u>
Shareholders' surplus/(deficit)		<u>4,544</u>	<u>(2,043)</u>

These financial statements were approved by the board of directors on 16 November 2017 and were signed on its behalf by:



S Kelsall
Director



C Wood
Director

Company registration number : 06115331

Statement of changes in equity

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2015	1,027	1,932	(5,148)	(2,189)
Total comprehensive income for the period				
Profit for the year	-	-	146	146
Other comprehensive income	-	-	-	-
Balance at 30 September 2016	1,027	1,932	(5,002)	(2,043)

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2016	1,027	1,932	(5,002)	(2,043)
Total comprehensive income for the period				
Profit for the year	-	-	329	329
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	329	329
Transactions with owners, recorded directly in equity				
Equity-settled inter-company loan transaction	-	6,258	-	6,258
Total contributions by owners	-	6,258	-	6,258
Balance at 30 September 2017	1,027	8,190	(4,673)	4,544

During the year, Develop Training Group Limited waived the net balance outstanding (£6,258,000) on a loan made to the Company in 2007.

The credit in the Company has been made to a capital contribution reserve. The Directors have considered the nature of the transaction within the Companies Act and of Tech 02/17BL and consider the reserve to be distributable.

Notes

(forming part of the financial statements)

1 Accounting policies

Develop Training Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK. The registered number is 06115331 and the registered address is Derby Training Centre, Ascot Drive, Derby, DE24 8GW.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“*FRS 102*”) as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Develop Training Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Develop Training Group Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Develop Training Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2. Going concern

The operating profit of the Company has improved materially during 2017 over 2016. The market outlook remains strong and the Company is well placed to benefit from this. At 30 September 2017, the Company has reported an operating profit for the year amounting to £507,000 (2016: £124,000) and at the balance sheet date the company has reported net current assets of £35,000 (2016: net current liabilities of £56,000).

The Company is reliant upon the continued support of its bank through the facilities provided and its ultimate parent undertaking Develop Training Group Limited. During 2017, the business renewed its facilities with its bank. The projections for the business show continued growth and on-going compliance under its banking facilities.

During 2017, Develop Training Group Limited, waived in full the amount outstanding on a loan received by Develop Training Limited in 2007. This £6,258,000 capital contribution has created a shareholder's surplus of £4,544,000 (2016: deficit of £2,043,000).

Therefore the Company's directors have a reasonable expectation that the Group is sufficiently capitalised to continue in operational existence for the foreseeable future. As such, the Company's directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4. 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.

1.5. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Company assesses at each reporting date whether tangible fixed assets are impaired.

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 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
Motor vehicles	- over 2 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.6. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

During the year, Develop Training Limited published its Tax Strategy. This is available on the Company's website.

1.7. Turnover

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

1.8. Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.9. Pension costs

Contributions to the defined contribution pension scheme are charged to the profit and loss account in the period during which services are rendered by employees.

1.10. Related party disclosures

The company is a wholly owned subsidiary of Develop Training Group Limited and has taken advantage of the exemption conferred by FRS102.33.1A not to disclose transactions with Develop Training Limited or other wholly owned subsidiaries within the group.

2 Turnover

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

Notes (continued)

3 Operating profit

	2017 £000	2016 £000
<i>This is arrived at after charging/(crediting):</i>		
Depreciation of tangible fixed assets	108	144
Amortisation of positive goodwill	446	448
Operating leases - hire of plant and machinery	177	189
- hire of other assets	427	420
BUIL monitoring fee write off (note 18)	-	(100)
<i>Auditor's remuneration:</i>		
Fees payable to the company's auditor or an associate for the auditing of the company's annual financial statements	21	24

Auditors' remuneration for non-audit services has been met by a fellow group company

4 Employees

	2017 £000	2016 £000
<i>Staff costs (including directors) consists of:</i>		
Wages and salaries	2,781	3,085
Social security costs	287	299
Other pension costs (note 14)	153	168
	3,221	3,552

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

	2017 Number	2016 Number
Sales	10	10
Training staff	33	43
Catering and maintenance	5	9
Administration and management	44	41
	92	103

Notes (continued)

5 Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	442	353
Amounts paid to third parties in respect of directors' services	15	34
Company contributions to money purchase pension schemes	9	13
	<u>466</u>	<u>400</u>

The total amount payable to the highest paid director in respect of emoluments was £143,274 (2016: £143,274) and Company pension contributions of £5,083 (2016: £7,800) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to five directors (2016: five directors) under money purchase schemes.

6 Interest payable and similar charges

	2017 £000	2016 £000
Loans from group companies	-	70
	<u>-</u>	<u>70</u>

7 Taxation

	2017 £000	2016 £000
<i>Current tax:</i>		
Current tax on profit/(loss) of the year	42	-
Total current tax	<u>42</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	105	(117)
Adjustments in respect of prior periods	31	13
Effect of tax rate change on opening balance	-	12
Total deferred tax	<u>136</u>	<u>(92)</u>
Total tax	<u>178</u>	<u>(92)</u>

Total tax of £178,000 (2016: (£92,000)) has been recognised in the profit and loss account. Current tax of £42,000 (2016: £nil) relates solely to UK Corporation tax.

Notes (continued)

7 Taxation (continued)

The current tax for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £000	2016 £000
Profit for the year	329	146
Total tax charge	178	92
Profit excluding tax	<u>507</u>	<u>54</u>
Tax charge using the UK corporation tax rate of 19.5% (2016: 20%)	<u>99</u>	<u>11</u>
<i>Effect of:</i>		
Fixed asset differences	88	94
Expenses not deductible	-	9
Transfer pricing adjustment	(7)	(50)
Group relief claimed	(17)	-
Adjustments in respect of previous periods	31	13
Reduction in tax rate on deferred tax balances	6	20
Effect of tax rate change on opening deferred tax	(22)	12
Deferred tax (recognised)/not recognised	-	(201)
Total tax charge	<u>178</u>	<u>(92)</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax asset has been calculated based on these rates.

8 Intangible fixed assets

	Goodwill £000
<i>Cost:</i>	
At 1 October 2016 and 30 September 2017	8,948
<i>Accumulated amortisation:</i>	
At 1 October 2016	4,196
Provided for the year	446
At 30 September 2017	<u>4,642</u>
<i>Net book value:</i>	
At 30 September 2017	<u>4,306</u>
At 30 September 2016	<u>4,752</u>

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

Notes (continued)

8 Intangible fixed assets (continued)

Amortisation charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	2017 £000	2016 £000
Cost of sales		
Administrative expenses	446	448

Impairment

The directors have performed a net present value calculation in accordance with FRS 102 Section 27 (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 2018 to 2022 (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 8%. The forecast sales and profits show an increase from the sales and profits achieved in 2017 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 goodwill.

9 Tangible fixed assets

	Leasehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Other fixed assets £000	Motor vehicles £000	Total £000
<i>Cost:</i>						
At 1 October 2016	145	1,529	266	244	-	2,184
Additions	9	8	10	6	5	38
At 30 September 2017	154	1,537	276	250	5	2,222
<i>Accumulated depreciation:</i>						
At 1 October 2016	99	1,371	231	210	-	1,911
Provided in the year	14	57	23	13	1	108
At 30 September 2017	113	1,428	254	223	1	2,019
<i>Net book value:</i>						
At 30 September 2017	41	109	22	27	4	203
At 30 September 2016	46	158	35	34	-	273

The net book value of land of buildings of £41,000 (2016: £46,000) relates solely to short leasehold.

Notes (continued)

10 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves	Profit or loss for the year	Registered office address	Class of shares held	Ownership 2017	Ownership 2016
	£000	£000			%	%
Develop Solutions Limited	-	-	Develop Training Centre, Ascot Drive, Derby, DE24 8GW	Ordinary	100	100

11 Debtors

	2017 £000	2016 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	1,123	1,283
Prepayments and accrued income	582	571
Deferred taxation (see below)	46	182
	1,751	2,036
<i>Amounts falling due after more than one year:</i>		
Amounts owed by Group undertakings	22	-
	1,773	2,036
		Deferred taxation £000
At 1 October 2016		182
Charged to the profit and loss account		(136)
At 30 September 2017		46
	2017 £000	2016 £000
<i>The amount of deferred tax provided is as follows:</i>		
Accelerated capital allowances	24	30
Short timing differences	12	14
Tax losses carried forward and other deductions	10	138
	46	182

Notes (continued)

12 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Overdraft	48	207
Trade creditors	885	1,018
Taxation and social security	395	334
Accruals and deferred income	368	533
Corporation tax	42	-
	<u>1,738</u>	<u>2,092</u>

The overdraft is secured by a fixed charge over the assets of the company.

13 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Amounts owed to group undertakings	-	7,012
	<u>-</u>	<u>7,012</u>

14 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 £153,000 (2016: £168,000). Contributions amounting to £11,556 (2016: £13,156) were payable to the fund and are included in creditors.

15 Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid:</i>		
10,266,550 ordinary shares of 10p each	1,027	1,027
	<u>1,027</u>	<u>1,027</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £000	2016 £000
Assets measured at amortised cost	1,123	1,283
Liabilities measured at amortised cost	933	8,237
	<u>1,123</u>	<u>8,237</u>

Notes (continued)

17 Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other	
	2017	2016	2017	2016
	£000	£000	£000	£000
Less than one year	398	349	151	187
Between one and five years	1,094	1,281	198	291
More than five years	663	825	-	-
	<u>2,155</u>	<u>2,455</u>	<u>349</u>	<u>478</u>

During the year £604,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £609,000).

18 Related party disclosures

Transactions with related parties

Barclays Unquoted Investments Limited ('BUIL') has a majority shareholding in Develop Training Group Limited, the immediate parent company.

During the year, BUIL has invoiced £25,657 of monitoring fees. In the prior year, BUIL credited all outstanding monitoring fee invoices, resulting in a £25,586 credit to the profit and loss account.

During 2016 the monitoring fee incurred to date of £100,000 issued by BUIL was waived.

ACK Management Limited

Anthony King is a director of ACK Management Limited. During the year, £15,496 (2016: £34,141) 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 £nil (2016: £2,415) was owed to ACK Management Limited.

19 Ultimate parent company and parent undertaking of larger group

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

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

20 Accounting estimates and judgements

Key sources of estimation uncertainty

The Directors believe that the only accounting estimate made in preparing the balance sheet is the carrying value of Goodwill. In making an assessment of the value of Goodwill, the directors have considered the future growth prospects of the business and the cash flow generated by this. The key assumptions made are detailed in note 8 to these accounts. The directors believe that on the basis of the assumptions used, the carrying value of Goodwill is appropriate.