Registered Number : 6434555

WOODSPEEN TRAINING GROUP PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2012

CONTENTS

CHAIRMAN'S STATEMENT

Please find attached the audited financial statements of the Group for the 16 month period to 31 July 2012.

The Group has had a difficult time during the period under review and has reported an operating loss, before amortisation of acquired intangible assets and exceptional items, of £164,397 as against a profit of £867,328 in the previous 12 months.

The operating environment remains extremely challenging. In the current economic climate we, in common with other providers, are finding it difficult to secure apprenticeships with employers for our young learners, which is now an essential pre-cursor to our being able to deliver training to them. At the same time the Government continues to put pressure on our margins, in both our vocational and skills training businesses, by implementing its "more for less" policy.

In response to market conditions the Board has taken firm action to re-align the Group's cost base with its expected revenues. We have closed some of our smaller centres and have either reduced, or are reducing, space in some of our larger ones. We have also significantly reduced our headcount. The management team stands ready to take further action if required.

The vocational training industry has faced and continues to face unprecedented adverse conditions. Youth unemployment is at record levels but despite this there are further Government expenditure cutbacks in the pipeline. All training providers are suffering and many who are not as well placed as we are have closed down with others likely to follow in the near future.

We start the new financial year in a lean condition. Whilst we currently expect to break-even, we are realistic and recognise that trading conditions might deteriorate further. Accordingly we have decided that it would be prudent to make an impairment provision of £1.0 million against the carrying value of goodwill on the Group's balance sheet.

We have also decided to restructure the Company's share capital to eliminate the deficit in its reserves. A resolution to this effect will be tabled at the next Annual General Meeting

Woodspeen is financially strong and currently has some £2.9 million of available cash resources. These cash resources will enable us to bide our time and to take advantage of opportunities to acquire other operators at sensible valuations when they arise. We have a first class management team led by Si Hussain who not only has a firm grip on the business but has a thorough understanding of the industry within which it operates.

I am confident that Woodspeen will weather the current storm and will then go on to prosper and I look forward to updating you on developments in the future.

Charles Prior

Chairman

12 November 2012

CHIEF EXECUTIVE'S REPORT

I am pleased to report to you on the Group's results for the 16 month period to 31 July 2012.

Business overview

The Group operates through two divisions, Vocational Training and Skills Training.

Vocational Training programmes comprise pre-apprenticeship and apprenticeship training, predominantly to younger learners (aged 16-18). Funding is primarily through a direct contract held with the Skills Funding Agency (SFA).

Skills Training programmes comprise basic skills such as Maths, English, and ICT predominantly delivered to unemployed adult learners. Funding for these courses has been principally through an annually renewable subcontract with LearnDirect Limited, who hold a direct contract with the SFA.

Government policies towards the funding of training programmes together with the availability of suitable employment opportunities for learners are the key drivers of the Group's long term success.

Performance during the period under review

Group operating profit before amortisation of acquired intangible assets of £279,803 (2011 - £174,146) and impairment of goodwill of £1,000,000 (2011 – £1,950,000) is as follows:

	16 Months ended 31 July 2012			Year ended 31 March 2011		
	Revenue	**Operating Profit/(Loss)**	**Margin**	**Revenue**	**Operating Profit/(Loss)**	**Margin**
	£	**£**	**%**	**£**	**£**	**%**
Vocational Training	**4,693,804**	**188,244**	**4.01**	3,262,538	372,013	11.40
Skills Training	**1,854,066**	**96,515**	**5.21**	2,449,045	786,662	32.12
Total for segments	**6,547,870**	**284,759**	**4.35**	5,711,583	1,158,675	20.3
Group items:						
Unallocated central costs		**(449,156)**			(291,347)	
	6,547,870	**(164,397)**		5,711,583	867,328	

The Group's performance during the period has been below the Board's expectations in both the Vocational and the Skills Training sectors.

Vocational Training

The core expertise of the Group is in the recruitment, placement and training of 16-18 year olds. Securing suitable vocational employment opportunities for this age group has been more difficult in the period than had originally been anticipated.

The number of apprenticeship learners enrolled on Woodspeen programmes can be summarised as follows.

	31 July 2012	**31 March 2011**	*
16 – 18 learners	**387**	410	*
19+ (adult) learners	**513**	530	*
Total	**900**	940	*

**includes BDTS learners (acquired on 6 April 2011) to enable comparison*

On the demand side, adverse economic conditions have restricted the number of employment opportunities that are available. On the supply side the combination of an already large 16-24 NEET (Not in Employment, Education or Training) population, additional school leavers at the end of the summer term and a growing pool of unemployed graduates has made it extremely challenging to find suitable employment opportunities for potential learners.

This is particularly so for young learners who typically require a greater level of supervision and support from the employer. Despite the comparatively low cost of taking on a young apprentice and the recent introduction by Government of financial incentives to small and medium sized enterprises to boost the creation of new apprenticeship opportunities, employment prospects remain weak.

CHIEF EXECUTIVE'S REPORT

In response to these conditions the Group has invested significantly in business development activity designed to strengthen the identification of employment opportunities. It has also focussed on attracting more 'work ready' and fewer 'harder to place' learners, to improve the chances of achieving a successful matching of potential learners to the available employment opportunities. These strategies have enabled the Group to broadly maintain learner volumes but have caused a reduction in operating margins.

As it became clear that there was no prospect of an upturn in the short to medium term, we took steps to re-align the Group's cost base. This included a reduction in the number of permanent centres to five, which are Bradford, Brighton, Bournemouth, Huddersfield and Wakefield.

Your Board currently expects flat trading performance over the next 12-24 months and remains ready to take further cost reduction measures should conditions deteriorate further.

Skills Training

Performance in the Skills Training sector has been adversely impacted by the cessation of highly profitable New Deal employment programmes in August 2011. Operating margins from the delivery of Basic Skills programmes have been adversely impacted by the greater than expected reductions in funding rates.

The Group's revenue in this sector can be analysed as follows.

	16 Months ended 31 July 2012	**Year ended 31 March 2011**
	£	**£**
Basic Skills Programmes	**1,162,053**	1,167,986
Employment and Other Programmes	**692,013**	1,281,059
	1,854,066	2,449,045

The rationale behind the decision not to engage with successor employment programmes was explained in my previous reports.

The delivery of Basic Skills programmes was primarily funded through a subcontract with LearnDirect and margins have been adversely impacted by a larger than expected reduction in average funding rates during the period.

Following a detailed review of this sector, the Group is implementing a strategy to both improve funding rates and to reduce the level of funding bureaucracy. I am pleased to advise that we have been successful in securing alternative funding of our Skills Programmes and anticipate the Group's Programmes to be funded either substantially or entirely through a direct contract during the current financial year.

Outlook

For the last two years the Government funded Vocational Training sector has been buffeted by regulatory changes, economic uncertainty and funding constraints.

As a consequence an increasing number of providers are failing or are surrendering training contracts and it is clear that the sector is in for a further period of rationalisation. Inevitably this will begin to result in more realistic valuation expectations amongst potential vendors.

Whilst the Group cannot expect to be immune to changes in the market place, we have taken the necessary steps to position the business in those areas where funding remains most resilient. The financial strength of the business, together with its highly capable management team, means that we are well placed to exploit consolidation opportunities as they arise.

Si Hussain
Chief Executive
12 November 2012

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements of the Group and Company for the period ended 31 July 2012.

The Company has changed its accounting reference date to 31 July to align its reporting year end to that of subsidiary undertakings bringing the Group's and Company's reporting year end in line with the academic year. The Group's principal source of funding is through annually renewable Government contracts awarded on an academic year basis (1 August to 31 July). Therefore the accounting period is a 16 month period ended 31 July 2012. The comparatives are for the 12 months to 31 March 2012.

On 28 July 2011 the Company changed its name to Woodspeen Training Group plc.

Results and dividends

The Group's pre-tax loss for the period before interest income of £28,630 (2011 - £7,071 net expense); amortisation of acquired intangible assets of £279,803 (2011 - £174,146); and impairment of goodwill of £1,000,000 (2011 - £1,950,000) amounted to £164,397 (2011 – profit £867,328).

Reported pre-tax loss for the period amounted to £1,415,570 (2011 – £1,263,889) and reported loss after tax for the period was £1,336,734 (2011 – £1,458,178).

The Directors do not recommend the payment of a dividend for the period ended 31 July 2012.

Principal activities

The principal activity of the Group is Government sponsored vocational and skills training, assessment and related services.

The Group only operates within the United Kingdom.

Business and financial review

This report should be read in conjunction with the Chief Executive's report on pages 2 to 3 which provides details of the Group's trading during the period and an assessment of the Group's future prospects.

On 6 April 2011 the Company acquired 100% of the issued share capital of BDTS Limited ("BDTS") which provides Government sponsored vocational training. The consideration totalling £1.9 million was satisfied by way of cash consideration and the issue of 500,000 ordinary shares of 10p. The net assets acquired included £1.3 million of cash. The financial statements include the results of BDTS for just under 16 months.

The results of BDTS are included within Vocational Training division.

On 31 July 2011 a group restructure transferred the trade and assets of BDTS, Futures Training Centres Limited ("Futures") and S&S Training Services Limited ("S&S") to Woodspeen Training Limited. Following the transfer of businesses; contracts were amalgamated; staff merged into two teams – vocational and skills; and property resources shared so that it is impractical to disclose the revenue and profits attributable to BDTS.

A key driver for the restructure was the introduction by the Skills Funding Agency (SFA) of a Minimum Contract level (MCL) of £500,000 across the sector from 1 August 2011, with the prospect of further increases in the future. Both Futures and S&S had contracts below the £500,000 MCL threshold and would not have been renewed.

As a result of the review of the carrying value of goodwill as at 31 July 2012, the Group determined that an impairment charge of £1,000,000 is appropriate. Details of the rationale for the impairment are given in Note 6 to the financial statements.

Tax expense

The tax credit for the period was £78,836 (2011 – charge £194,289). The tax credit for the period comprises a credit of £367 relating to the loss before amortisation of acquired intangibles and impairment of goodwill of £135,767 and a credit of £78,469 relating to the amortisation charge on acquired intangible assets. The effective rate of tax for the year, excluding the impairment of goodwill, was significantly higher than the UK standard rate of corporation tax because of non-deductible expenses and tax losses for which no deferred tax asset has been recognised.

DIRECTORS' REPORT

Key performance indicators

The Group has in place a number of key performance indicators, both financial and non-financial, which aid the management of the Group's business and allow the Board to review performance at both Group and operating subsidiary level. The key performance indicators monitored by management continue to be developed and, where appropriate, refined to provide relevant and timely metrics to support delivery of Group strategy.

The key financial performance indicators are: revenue growth; gross profit margin; operating profit before amortisation of intangibles acquired on business combinations and exceptional items; earnings per share growth; and net cash generated by operating activities.

As the Group is reporting for a 16 month period compared to 12 months for the previous period, most key performance indicators are of limited significance. The financial key performance indicators that, in the opinion of the Directors, provide meaningful information regarding performance for 2011/12 are: gross profit margin and net cash generated by operating activities. Also, given the stage of the Group's development, some key performance indicators are of more significance than others.

Gross profit margin

The gross profit margin declined to 31.5% for the 16 month period to 31 July 2012 from 38.6% for the 12 months to 31 March 2011. The reduction in the gross profit margin reflects the difficult trading conditions faced by the Group during the period and the cessation in August 2011 of delivering Employment Programmes.

Net cash generated by operating activities

The net cash generated by operations was £80,378 (2011 - £1,218,006) on an operating loss, before amortisation of intangible assets acquired on business combinations and impairment of goodwill, of £135,767 (2011 - £867,328 profit).

The Group's cash generation remains positive and at 31 July 2012, the Group had in excess of £2.9 million in cash earning minimal interest income due to the low bank base rate.

Key risks and uncertainties

The Group is dependent on Government funding for substantially all of its programmes. Whilst it is expected that the majority of the Group's programmes, especially those that concentrate on helping young people obtain employment, will continue to be supported by the Coalition Government the Group remains mindful that changes might be made which could adversely affect the Group.

Government policy or practice in providing funds for vocational training may change. The Group, as with other companies in the sector, is affected, inter alia, by Government decisions regarding funding priorities and rates for programmes.

The profitability of the Group is dependent upon the continuation of a favourable regulatory climate with respect to its activities. Failing to obtain or to continue to comply with all necessary legislation and regulations could adversely affect the Group's performance.

The Group maintains relationships with the relevant regulatory and funding bodies on an ongoing basis to ensure maximum visibility regarding developments and changes to the basis of Government funding and the regulatory environment so that it can plan accordingly.

A fall in the standard of delivery, record keeping or reporting could adversely affect contracts held with funding bodies or the awarding bodies which would in turn directly impact on the financial performance of the Group. A fall in the standard of internal quality controls could result in a poor inspection grading and a clawback of funding.

The Group maintains strong internal processes and procedures to minimise these risks.

Share capital

Details of the authorised and issued share capital of the Company, including movements in the period, are set out in note 17 to the financial statements.

DIRECTORS' REPORT

Directors and directors' interests

The directors who served during the period and their beneficial interests in the shares of the Company as recorded in the register of Directors' interests at 31 July 2012 are as follows:

	Ordinary Shares	
	Number	%age shareholding
Executive		
Lynn Chandler	987,400	2.8
Si Hussain	150,000	0.4
Non-Executive		
Compton Hellyer	306,456	0.9
Charles Prior	5,000,000	14.0

Brief biographies of the directors are given after the Directors' Report.

At 31 July 2012 share options had been granted to the Directors over the Company's shares as follows:

	Number of options	Exercise price	Date from which exercisable	Expiry date	Share price performance criteria
Si Hussain	2,000,000	15p	23/08/2013	22/08/2020	None
Si Hussain	1,000,000	18p	09/08/2014	08/08/2021	27.5p

Substantial shareholdings

As at 5 November 2012, shareholdings of 3% or more of the shares in the Company notified to the Company are as follows:

	Ordinary shares Number	%age share-holding
Directors (as stated above)	6,443,856	18.1
Evolve Capital LLP	3,000,000	8.4
Octopus Investment Nominees	4,081,114	11.4
YFM Private Equity	1,388,500	3.9

Insurance

As permitted by the Companies Act 2006, the Company maintains insurance cover for all Directors and Officers of the Company against liabilities which may be incurred by them whilst acting in those capacities.

Political and charitable donations

During the period, the Group made no political or charitable donations.

Corporate governance

The Board has put in place a framework for Corporate Governance which it believes is appropriate to the Company. The Board is committed to maintaining high standards of corporate governance, but is not required to comply with all aspects of the principles of Good Governance and the Code of Best Practice prepared by the Committee on Corporate Governance. The following statement describes how the Board has applied the Principles of Corporate Governance.

The Board

At 31 July 2012, the Board comprised two executive directors and two non-executive directors. The two non-executive directors are the Chairman and an independent non-executive director.

DIRECTORS' REPORT

At this stage in the development of the Company's strategy the Board believes it to be premature to appoint further directors. Further executive and non-executive appointments will be made, as required, as the Company matures and makes further acquisitions.

All directors are subject to re-election by rotation, one-third of their number each year and their re-election is subject to shareholder approval. All newly appointed directors stand for re-election at the Annual General Meeting following their appointment.

The Chairman and Finance Director have service contracts with the Company which are terminable by either party on three months' notice.

The Chief Executive has a service contract with the Company which is terminable by either party on six months notice.

The independent non-executive director has a service contract with the Company for a three year period commencing on 1 June 2012 which is subject to termination at any time by either party giving not less than three months' notice. The Company may also terminate the service contract immediately upon payment of a fee equivalent to three months' notice.

The Board meets regularly throughout the year to discuss issues including strategy, annual budgets, the rolling financial forecast, general treasury and risk management policies.

There is an established procedure whereby directors, in furtherance of their duties, may take independent professional advice at the expense of the Company.

The Remuneration Committee is chaired by the independent non-executive director and comprises both non-executive directors. The Remuneration Committee approves any changes to the remuneration of the directors, including approval of the service contracts for any new directors, and the approval of any share options granted.

The Audit Committee is chaired by the Chairman and comprises both non-executive directors. The responsibilities of the Audit Committee include review of the Interim and Annual Statements; approval of significant changes in accounting policies and monitoring the independence, objectivity and effectiveness of the external auditor.

As all Board appointments are formally considered by the Board, the Board considers that there is no need for a Nominations Committee.

Internal Control

The Board acknowledges its ultimate responsibility for all aspects of the system of internal control and risk management and for reviewing its effectiveness. In establishing these systems, the directors have considered the nature of the Group's business with regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The primary responsibility for the day-to-day operation of the systems of internal control and the identified primary risks facing the Group is delegated to the Board of the Company.

The key features of the system of internal control and risk management are:

- management accounts considered by the Board on a monthly basis;
- annual budgeting with results considered regularly against budget;
- forecasts regularly updated and reported to the Board;
- cash flow forecasting on a rolling basis for up to two years in the future;
- physical and computer security issues and contingency planning;
- risk management review and monitoring of those risks; and
- regular review to confirm the on-going solvency of the Group.

DIRECTORS' REPORT

Investor Relations

Any issues of concern can be addressed to the Board by any shareholder. All shareholders are encouraged to attend the Annual General Meeting and any Extraordinary General Meetings, where they are given an opportunity to question the Chairman and the Board.

Corporate social responsibility

The Group aims to operate at all times in a socially responsible manner and is committed to achieving high standards of corporate governance, integrity and business ethics in all of its activities. The Group's activities focus on an important area of Corporate Social Responsibility, namely the provision of high quality vocational and employability training designed to improve the skills of the UK workforce with a particular emphasis on those individuals with qualifications below National Vocational Qualifications Level 2.

The Group acknowledges the importance of environmental matters and where possible, utilises environment friendly policies in its offices such as recycling and energy efficient practices.

Employees

The Group recognises that people are its greatest asset. The Group has a policy of keeping all employees informed about its plans and progress through regular meetings and electronic communication. Participation by employees in the progress and profitability of the Group is encouraged, where appropriate, through annual bonus schemes.

Employee development is encouraged with formal staff appraisals and training programmes.

The Group operates recruitment and selection procedures which consider all applicants for employment on the basis of qualification for specific vacancies without regard to race, colour, religion, sex, age, disability or national origin.

Employee Participation

Employees of the Group are able to participate in the success of the Group through its employee share scheme.

The Group has adopted an Enterprise Management Incentive (EMI) Scheme to allow individuals to be granted the right to acquire Ordinary Shares in the Company subject to the terms of the Income Tax (Earnings and Pensions) Act 2003 and EMI Scheme. The price payable on the exercise of the options granted under the EMI Scheme will not be less than the market value of the Ordinary Shares at the date of grant as agreed with HMRC and not be less than the nominal value of an Ordinary Share.

During the year options were granted over 1,195,000 Ordinary Shares: 1,075,000 at 18p per share and 120,000 at 15p per share. Options over 195,000 were granted under the Approved Scheme and 1,000,000 under the Unapproved Scheme.

Creditors' payment policy

It is the policy of the Group to agree terms and conditions with suppliers and to pay in accordance with them, provided the goods or services concerned have been supplied in accordance with those terms and conditions.

At 31 July 2012, the Group had an average of 50 days (2011 – 36 days) purchases outstanding in trade creditors.

Financial instruments

Details of the Group's risk management objectives and policies and its exposure to financial risk are set out in note 15 to the financial statements.

The purpose of the policies is to ensure that adequate cost-effective funding is available to the Group and exposure to financial risk – interest rate, liquidity and credit risk – is minimised.

Future developments

The Group intends to continue to develop and extend its range of vocational and skills training activities through organic growth, acquisition and partnering arrangements.

DIRECTORS' REPORT

Going concern

The Board reviews the financial position of the Company and Group on a regular basis and as part of the process of approving the financial statements. After reviewing the Group's budget for 2012/13, events subsequent to the year end and its medium term plans, the Directors are confident that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the financial statements.

Audit Information

The Directors confirm, that, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

A statement by the Directors of their responsibilities for preparing the financial statements of the Group and Company is given in the Statement of directors' responsibilities in relation to the Group and Company financial statements.

Auditors

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.

Annual general meeting

The Parent Company's Annual General Meeting will be held on 11 December 2012 at 10am at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A.

The resolutions to be proposed at the Annual General Meeting, together with explanatory notes, are contained within the Notice of Annual General Meeting.

By Order of the Board

Lynn Chandler
Company Secretary

12 November 2012

BIOGRAPHICAL INFORMATION ON DIRECTORS

Lynn Chandler - Finance Director - Aged 51

Lynn is a chartered accountant and was the Finance Director of BPP Holdings plc for 10 years until she retired from full-time employment in 2005. Lynn is a non-executive committee member of A2Dominion Housing Group.

Compton Hellyer - Non-Executive Director - Age 66

Compton worked in the City for over 20 years, first as a stockbroker and then as a financial adviser on commodities and futures. In 1991 Compton founded Sporting Index which soon became one of the world leaders in spread betting. He left Sporting Index when it was bought by a private equity firm in 2003 and now is chairman of six private companies.

Si Hussain – Chief Executive – Age 45

Si is a chartered accountant. Si was an executive director of the main board of BPP Holdings plc (“BPP”) and left in October 2009 when BPP was acquired by the Apollo Group. Si was responsible for the examination training and professional development division at BPP.

Charles Prior - Chairman - Aged 65

Charles is a chartered accountant and was one of the founder shareholders and directors of BPP Holdings plc ("BPP"). Charles was its Chief Executive until his retirement in August 2007. Under his leadership BPP grew into a substantial training company with market capitalisation of over £250M.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE GROUP AND PARENT COMPANY FINANCIAL STATEMENTS

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Parent 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 Parent 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;
- in respect of the Group financial statements state that they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements;
- 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 which 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.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOODSPEEN TRAINING GROUP PLC

We have audited the financial statements of Woodspeen Training Group plc for the 16 month period ended 31 July 2012 which comprise the consolidated statement of financial position and company balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 sections Chapter 3 of Part 12 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2012 and of the group's loss for the 16 month period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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.

Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom
12 November 2012

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

CONSOLIDATED INCOME STATEMENT

PERIOD ENDED 31 JULY 2012

	Note	16 Months ended 31 July 2012	Year ended 31 March 2011
		£	**£**
Revenue	2	**6,547,870**	5,711,583
Cost of sales	3	**(4,487,702)**	(3,509,021)
Gross profit		**2,060,168**	2,202,562
Administrative expenses	3	**(3,504,368)**	(3,459,380)
Loss from operations	2,3	**(1,444,200)**	(1,256,818)

Analysed as:			
(Loss)/Profit from operations before amortisation and impairment intangible assets		**(164,397)**	867,328
Amortisation intangibles – customer contracts acquired on acquisition		**(279,803)**	(174,146)
Impairment intangibles – Goodwill	6	**(1,000,000)**	(1,950,000)
		(1,444,200)	(1,256,818)

Finance revenue		**28,630**	2,077
Finance costs	7	-	(9,148)
Loss before taxation		**(1,415,570)**	(1,263,889)
Tax credit/expense	8	**78,836**	(194,289)
Loss for the period		**(1,336,734)**	(1,458,178)

Earnings per share

Basic and diluted	9	**(3.74)p**	(6.14)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED 31 JULY 2012

There is no difference between the loss for the period shown and total comprehensive expense.

Reconciliation of movements in total equity are given in the Statement of changes in equity.

The accompanying Notes form an integral part of these Group financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2012

COMPANY NUMBER : 06434555

	Note	31 July 2012	31 March 2011
		£	**£**
Assets			
Non-current assets			
Property, plant and equipment	10	**178,968**	176,054
Intangible assets	11	**1,689,819**	2,319,981
Deferred tax assets	16	**20,804**	3,033
		1,889,591	2,499,068
Current assets			
Trade and other receivables	12	**747,434**	1,101,800
Cash and short term deposits		**2,927,056**	3,763,321
		3,674,490	4,865,121
Total assets		**5,564,081**	7,364,189
Liabilities			
Current liabilities			
Trade and other payables	13	**714,331**	920,171
Deferred revenue		**9,523**	40,318
Current tax liabilities		**10,557**	237,780
Provisions	14	**94,817**	203,418
		829,228	1,401,687
Non-current liabilities			
Provisions	14	**10,550**	7,694
Deferred tax liabilities	16	**43,853**	91,416
		54,403	99,110
Total liabilities		**883,631**	1,500,797
Net Assets		**4,680,450**	5,863,392
Equity			
Capital and reserves attributable to equity holders of the Company			
Issued share capital	17	**3,578,620**	3,528,620
Share premium reserve		**2,997,637**	2,997,637
Merger reserve		**376,000**	336,000
Retained earnings		**(2,271,807)**	(998,865)
Total Equity		**4,680,450**	5,863,392

The financial statements were approved and authorised for issue by the Board of Directors on 12 November 2012 and were signed on its behalf by:

Si Hussain
Chief Executive

Lynn A Chandler
Finance Director

The accompanying Notes form an integral part of these Group financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD ENDED 31 JULY 2012

	Note	16 Months ended 31 July 2012	Year ended 31 March 2011
		£	£
Cash flows from operating activities			
Loss before taxation		**(1,415,570)**	(1,263,889)
Adjustments for:			
Impairment goodwill	6	**1,000,000**	1,950,000
Depreciation of property, plant and equipment	10	**72,074**	48,096
Depreciation of leasehold improvements	14	**55,378**	63,240
Loss on disposal of property, plant and equipment		**32,802**	1,828
Amortisation of intangibles – customer contracts acquired on acquisition	11	**279,803**	174,146
Amortisation of intangibles – software	11	**6,636**	4,422
Loss on disposal of intangibles – software		**2,371**	-
Share based payment expense	18	**63,792**	17,877
Finance income		**(28,611)**	(2,077)
Finance costs		**-**	9,148
Decrease/(Increase) in trade and other receivables		**470,025**	(160,797)
(Decrease)/Increase in trade and other payables		**(261,174)**	387,649
(Decrease)/Increase in deferred revenue		**(30,795)**	27,057
Decrease in provisions		**(166,363)**	(38,694)
Cash generated by operations		**80,368**	1,218,006
Income taxes paid		**(336,220)**	(272,105)
Cash flows (absorbed by)/generated from operating activities		**(255,852)**	945,901
Cash flows from investing activities			
Acquisitions – Consideration	11	**(1,817,433)**	-
Acquisitions – Cash acquired	11	**1,330,998**	-
Purchase of plant and equipment	10	**(101,148)**	(80,971)
Purchase of intangibles - software	11	**(17,402)**	(886)
Interest received		**24,572**	2,077
Net cash used in investing activities		**(580,413)**	(79,780)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	2,657,916
Expenses in connection with share issues		**-**	(91,481)
Repayment of loan notes		**-**	(350,000)
Interest paid		**-**	(12,543)
Net cash used in financing activities		**-**	2,203,892
(Decrease)/Increase in cash and cash equivalents		**(836,265)**	3,070,013
Cash and cash equivalents at start of period		**3,763,321**	693,308
Cash and cash equivalents at end of period		**2,927,056**	3,763,321

The accompanying Notes form an integral part of these Group financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 JULY 2012

	Issued Share Capital	Share Premium Account	Merger Reserve	Retained Earnings	Total Share holders Equity
	£	£	£	£	£
At 1 April 2010	2,052,000	1,907,822	336,000	441,436	4,737,258
Transactions with owners:					
Placing of shares in period	1,476,620	1,181,296	-	-	2,657,916
Expenses of share issues	-	(91,481)	-	-	(91,481)
Employee share option schemes:					
- Value of share options granted	-	-	-	17,877	17,877
Total Comprehensive expense	-	-	-	(1,458,178)	(1,458,178)
At 31 March 2011	3,528,620	2,997,637	336,000	(998,865)	5,863,392
At 1 April 2011	3,528,620	2,997,637	336,000	(998,865)	5,863,392
Transactions with owners:					
Allotted on acquisition of BDTS Limited	**50,000**	**-**	**40,000**	**-**	**90,000**
Employee share option schemes:					
- Value of share options granted	**-**	**-**	**-**	**63,792**	**63,792**
Total comprehensive expense	**-**	**-**	**-**	**(1,336,734)**	**(1,336,734)**
At 31 July 2012	**3,578,620**	**2,997,637**	**376,000**	**(2,271,807)**	**4,680,450**

The accompanying Notes form an integral part of these Group financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

1 Accounting policies

(a) General information

The Group's principal activity is provision of vocational and skills training, assessment and related services.

The Company's principal activity is that of a holding company.

(b) Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU) as they apply to the financial statements of the Group for the period ended 31 July 2012, and therefore comply with Article 4 of the EU IAS Regulation, and with those parts of the Companies Act 2006 applicable to groups preparing their accounts under IFRS.

The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Accounting Interpretations Committee effective at the time of preparing the financial statements.

(c) Basis of consolidation

The consolidated financial information includes the accounts of the Company and its subsidiary undertakings at the balance sheet date using the acquisition method.

Subsidiary undertakings are consolidated from the date on which control is transferred to the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Inter-company transactions and balances are eliminated on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

The financial statements of all trading subsidiaries are prepared to the same reporting date as the Parent Company.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary undertaking are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

(d) Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for revenues, expenses, assets, intangible assets (including goodwill), liabilities and disclosures of contingent liabilities at the date of the financial statements. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

- The measurement and impairment of goodwill, an intangible asset with an indefinite life. The Group determines whether goodwill is impaired on an annual basis requiring an estimation of the value in use of the cash generating unit to which goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate;
- The determination of the fair value of intangible assets on acquisition and their useful lives; and
- The estimation of dilapidation provisions.

The principal accounting policies adopted by the Group are as follows:

(e) Intangible assets

Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired.

Under IFRS3 'Business Combinations' goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is recognised immediately in the income statement and not subsequently reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

1 Accounting policies (continued)

(e) Intangible assets (continued)

Intangible assets acquired on acquisition of a subsidiary undertaking

Intangible assets that are acquired on acquisition of a subsidiary undertaking are stated at fair value at date of acquisition and amortised over their expected useful economic lives on a straight-line basis. The amortisation charge is included in administrative expenses in the income statement.

Amortisation rates are as follows:

Customer contracts – between 27 and 60 months.

(f) Property, plant and equipment

Property, plant and equipment are shown at cost less subsequent depreciation and impairment.

Depreciation on assets is calculated to allocate the cost of each asset less its residual value (based on prices prevailing at the balance sheet date) over its estimated useful life.

Depreciation rates are as follows:

Leasehold improvements – straight line over the shorter of the lease term or expected useful life;

Fixtures – 25% per annum straight line or reducing balance; and

Equipment – 25% per annum straight line or reducing balance and 33% straight line.

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Impairment of assets

Goodwill is tested at least annually (or whenever events or changes in circumstances indicate that carrying value may be impaired) for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Assets that are subject to amortisation (intangible assets) or depreciation (tangible assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition and re-evaluates this designation at every reporting date. Financial assets are initially recognised at fair value (the transaction price plus directly attributable transaction costs).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

1 Accounting policies (continued)

(h) Financial instruments (continued)

Financial assets classified as loans and receivables comprise:

- Trade and other receivables – are measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.
- Cash and cash equivalents – comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities classified as loans and borrowings comprise:

- Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.
- Other financial liabilities - Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(i) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Equity instruments

Equity instruments issued by the Company are recorded the fair value of the proceeds received, net of direct issue costs.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that there will be an outflow of economic benefits to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Revenue recognition

Revenue from trading activities

Revenue, which is stated net of value added tax, represents revenue earned in respect of services provided in the period. Where amounts have been earned but not invoiced during the period, the amount included in revenue is the proportion of the anticipated net sales earned to date. A corresponding balance is recognised in receivables as accrued revenue.

Where revenue is directly linked to specific achievements, such as payments in respect of learner registration and assessment, this revenue is only recognised when the specific achievement is met.

(n) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(o) Exceptional items

These are material items which derive from events or transactions that fall within the ordinary activities of the Group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

1 Accounting policies (continued)

(p) Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the income statement in the period to which they relate.

(q) Share based payments

The fair value of options granted is recognised as an employee expense, with a corresponding increase in equity reserves. The fair value of the options is determined at the date of grant and spread over the period the employees become unconditionally entitled to the options. Non market vesting conditions are taken into account in estimating the number of options likely to vest. In determining the fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares in the Company (market conditions). The fair value of the options is calculated using the Black-Scholes pricing model or other appropriate pricing model dependent upon the terms of the share options.

No expense is recognised for options that do not ultimately vest except for options where the vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance condition are satisfied.

The cumulative expense recognised for share option schemes at each reporting date until the vesting date represents the extent to which the vesting period has expired and the number of options that, in the opinion of the Directors based upon information available at that date, will ultimately vest. The income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Tax relief on share options is given when they are exercised; the relief given is based on the difference between the exercise price and market price on the day of exercise. A deferred asset is calculated for outstanding options based on the current share price at the end of the reporting period and the related exercise price and is recognised in line with the taxation policies below. The movement in the associated deferred tax balance is recognised through the income statement to the extent that it relates to the corresponding cumulative share based payment charge recognised in the income statement. Additional movements are taken directly to equity.

(r) Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated, on an undiscounted basis, at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

1 **Accounting policies (continued)**

(s) New standards and interpretations applied

New standards, amendments to standards and interpretations issued by the IASB and IFRIC also effective for the first time from 1 April 2011 are either not relevant to the Group or have not had a material effect on the financial statements.

(t) New standards and interpretations not applied

New standards, amendments to standards and interpretations issued by IASB and IFRIC relevant to the Group which are not effective for the financial period beginning on 1 July 2012 and have not been early adopted:

- IFRS 10 'Consolidated Financial Statement' establishes the principles for the presentation and presentation of consolidated financial statements and replaces similar principles set out in IAS 27 'Consolidated and Separate Financial Statements'. The standard is applicable for annual periods beginning on or after 1 January 2013 and has not currently been endorsed by the EU. Any potential impact of this new standard will be quantified closer to the date of adoption, but is not considered likely to have a material impact.
- IFRS 13 'Fair Value Measurement' aims to provide a precise definition of fair value and a single source of fair value measurement and disclosure requirements to be used across all IFRSs. The standard is applicable for annual periods beginning on or after 1 January 2013 and has not currently been endorsed by the EU. Any potential impact of this new standard will be quantified closer to the date of adoption, but is not considered likely to have a material impact.

Other new standards, amendments to standards and interpretations issued by the IASB and IFRIC not effective for the financial period beginning on 1 July 2012 and have not been early adopted are, in the opinion of the Directors, either not relevant to the Group or are not anticipated to impact the Group.

2 **Segment information**

The Chief Operating Decision Maker has been identified as the Chief Executive. The Chief Executive reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports used by the Board.

The Chief Executive assesses the performance of operating segments based on operating profit before amortisation of acquired intangible assets, interest and tax. Information presented to the Chief Executive is measured in a manner consistent with that in the Financial Statements.

The performance of operating segments reviewed by the Chief Executive does not include any allocation of corporate and central costs. Corporate and central costs, although not an operating segment as defined by IFRS8 are reviewed by the Chief Executive and shown as Group items in the table below.

The principal activity of the Group is Government sponsored training, assessment and related services. The Chief Executive considers the Group's business through two reporting segments based on principal activity:

Vocational Training (Apprenticeships, Foundation Learning and other vocational training programmes); and

Skills Training (Skills for Life and other employability training programmes).

	16 Months ended 31 July 2012		**Year ended 31 March 2011**	
	Revenue	**Operating Profit/(Loss)**	**Revenue**	**Operating Profit/(Loss)**
	£	**£**	**£**	**£**
Vocational Training	**4,693,804**	**188,244**	3,262,538	372,013
Skills Training	**1,854,066**	**96,515**	2,449,045	786,662
Total for segments	**6,547,870**	**284,759**	5,711,583	1,158,675
Group items:				
Unallocated central costs		**(449,156)**		(291,347)
		(164,397)		867,328
Amortisation charge on acquired intangible assets		**(279,803)**		(174,146)
Impairment of goodwill		**(1,000,000)**		(1,950,000)
Total for Group	**6,547,870**	**(1,444,200)**	5,711,583	(1,256,818)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

2 Segment information (continued)

Other profit and loss information included in operating profit/loss above:

	16 Months ended 31 July 2012 £	Year ended 31 March 2011 £
Depreciation & amortisation software:		
Vocational Training	**55,501**	37,357
Skills Training	**21,273**	14,283
Total for segments	**76,774**	51,640
Group items:		
Unallocated central costs	**1,936**	878
Total for Group	**78,710**	52,518

The reconciliation, by operating segment of the profit/(loss) reported to the Chief Decision Maker to operating profit shown in the financial statements is as follows:

	16 Months ended 31 July 2012			
	Reported Segmental Operating Profit/(Loss) £	Amortisation on Acquired Intangible Assets £	Impairment of Goodwill £	Segmental Operating Profit/(Loss) £
Vocational Training	**188,244**	**(279,803)**	**(1,000,000)**	**(1,091,559)**
Skills Training	**96,515**	**-**	**-**	**96,515**
Total for segments	**284,759**	**(279,803)**	**(1,000,000)**	**(995,044)**
Group items:				
Unallocated central costs				**(449,156)**
Total for Group				**(1,444,200)**

	Year ended 31 March 2011			
	Reported Segmental Operating Profit/(Loss) £	Amortisation on Acquired Intangible Assets £	Impairment of Goodwill £	Segmental Operating Profit/(Loss) £
Vocational Training	372,013	(157,840)	(400,000)	(185,827)
Skills Training	786,662	(16,306)	(1,550,000)	(779,644)
Total for segments	1,158,675	(174,146)	(1,950,000)	(965,471)
Group items:				
Unallocated central costs				(291,347)
Total for Group				(1,256,818)

All income is derived from the United Kingdom.

The Government, through various funding agencies and bodies, directly and through sub-contacting arrangements entered into by the Group, is the Group’s single largest customer and accounts for £6,327,000 (97%) of revenue spread across several contracts. The revenue is reported within both Vocational and Skills Training operating segments.

No other single customer accounts for than 10% of Group revenue.

Given the nature of the Group’s business, the Chief Executive does not receive or review balance sheet information for operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

3 Expenses by nature

		16 Months ended 31 July 2012	Year ended 31 March 2011
		£	£
Staff costs		**4,532,500**	2,991,701
Direct training costs:			
Licence & registration fees, sub-contractors & trainee allowances etc		**797,163**	503,996
Staff travel & subsistence		**10,381**	119,535
Depreciation, amortisation & profit/loss on disposal			
Deprecation of property, plant and equipment	(note 10)	**72,074**	48,096
Depreciation leasehold improvements	(note 14)	**55,378**	63,240
Loss on disposal of property, plant and equipment		**32,802**	1,828
Amortisation of intangibles – software	(note 11)	**6,636**	4,422
Amortisation intangibles – customer contracts	(note 11)	**279,803**	174,146
Loss on disposal of intangibles - software		**2,371**	-
Property costs:			
Operating lease rentals – property		**367,585**	318,444
Rates, service charges, utilities, repairs etc		**295,203**	211,937
Other costs		**540,174**	581,056
Exceptional items:			
Impairment of goodwill	(note 6)	**1,000,000**	1,950,000
Total cost of sales and administrative expenses		**7,992,070**	6,968,401

Included in Other costs above are the following amounts relating to fees paid to the auditors and their associates:

	16 Months ended 31 July 2012	Year ended 31 March 2011
Auditors' remuneration		
- Audit of financial statements [(1)]	**26,790**	12,367
Other fees paid to auditors and their associates		
- Statutory audit of subsidiaries [(2)]	**24,180**	17,735
- Other services	**8,660**	3,000

(1) Includes under provision re 2011

(2) Includes audits of BDTS Limited for the years ended 31 July 2011 and 2012

4 Staff costs

	16 Months ended 31 July 2012	Year ended 31 March 2011
	£	£
Wages and salaries	**4,119,198**	2,706,001
Share based payment expense	**63,792**	17,877
	4,182,990	2,723,878
Defined pension contribution costs	**36,577**	13,115
Short-term non-monetary benefits	**14,819**	9,973
Social security costs	**298,114**	244,735
	4,532,500	2,991,701

Subsidiary companies operate defined contribution pension schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

4 Staff costs (continued)

The average monthly number of employees during the period was made up as follows:

	16 Months ended 31 July 2012	Year ended 31 March 2011
	Number	Number
Tutors, assessors and administrators	**143**	147
Other	**26**	-
Management	**8**	6
	177	153

On 6 April 2011 the Company acquired BDTS Limited which had 19 employees at the date of acquisition.

The number of employees at 31 July 2012 was made up as follows:

	Number
Tutors, assessors and administrators	**118**
Other	**24**
Management	**8**
	150

The directors are included in the figures and numbers above.

5 Directors and key management personnel emoluments

The aggregate emoluments of the Directors who served during the period were:

	16 Months ended 31 July 2012					
	Salary	Bonus	Benefits	Share Based Payment Expense (note 18)	Total	Year ended 31 March 2011 Total
	£	£	£		£	£
Executive Directors						
Lynn Chandler	**33,208**	**-**	**-**	**-**	**33,208**	38,333
Si Hussain	**101,767**	**-**	**3,655**	**61,392**	**166,814**	73,314
	134,975	**-**	**3,655**	**61,392**	**200,022**	111,647
Non-Executive Directors						
Compton Hellyer	**16,000**	**-**	**-**	**-**	**16,000**	12,000
Charles Prior	**24,000**	**-**	**-**	**-**	**24,000**	20,126
	174,975	**-**	**3,655**	**61,392**	**240,022**	143,773
Total 2011	108,083	14,000	3,813	17,877	143,773	

The directors of the Company are the key management personnel as they are the persons having authority and responsibility for planning, directing and controlling the activities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

6 Impairment of goodwill

	16 Months ended 31 July 2012	Year ended 31 March 2011
	£	£
Recognised in arriving at Group operating profit from continuing operations:		
Impairment of goodwill	**1,000,000**	1,950,000

As a result of the annual review of the carrying value of goodwill as at 31 July 2012, the Group determined that an impairment charge of £1,000,000 was appropriate for the reasons given below.

Vocational Training: the vocational training industry has faced and continues to face challenging conditions in the current climate. Securing employment for young learners, which is a pre-cursor to providers delivering apprenticeship training, is an industry wide challenge. At the same time margins are being adversely affected by the Government's "more for less" policy. With no evidence of improvement in trading conditions and the recognition that conditions could deteriorate further the Group has made an impairment of £1,000,000 against the carrying value of goodwill for Vocational Training.

As a result of the annual review of the carrying value of goodwill as at 31 March 2011, the Group determined that an impairment charge of £1,950,000 was appropriate for the reasons given below. Of this sum - £1,550,000 was attributable to Skills Training and £400,000 was attributable to Vocational Training.

Skills Training: the Government's flagship welfare to work programme – the 'Work Programme' – replaced the welfare to work initiatives in which the Group participated (New Deal and Flexible New Deal). The format and structure of the Work Programme is different to New Deal and the Group determined that it would not be in the best interests of the business to be directly involved in the delivery of the Work Programme. New Deal represented a significant proportion of Skills Training and the cessation of this income stream resulted in the impairment of goodwill.

Vocational Training: the write down reflected the disappointing performance of S&S Training Services Limited since its acquisition in February 2010 and the lower future growth potential of that business. Projections did not support the carrying value of the goodwill that arose on the acquisition of S&S Training Services Limited and, consequently, it was written off.

7 Finance costs

	16 Months ended 31 July 2012	Year ended 31 March 2011
	£	£
Interest on loan notes	-	9,148
	-	9,148

8 Income tax expense

(a) Tax on profit for the period

Tax charged in the income statement	16 Months ended 31 July 2012	Year ended 31 March 2011
	£	£
Current tax:		
UK corporation tax on profits for the year	**53,652**	241,055
Adjustment for (over)/under provision in prior periods	**1,023**	(1,683)
Total current tax	**54,675**	239,372
Deferred tax (Note 16)		
Origination and reversal of temporary differences	**(125,044)**	(41,829)
Deferred tax income resulting from reduction in tax rate	**(8,467)**	(3,254)
Total deferred tax	**(133,511)**	(45,083)
Tax charge in the income statement	**(78,836)**	194,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

8 Income tax expense (continued)

(b) Reconciliation of the total tax charge

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the period are as follows:

	16 Months ended 31 July 2012	Year ended 31 March 2011
	£	£
Accounting loss before tax	**(1,415,570)**	(1,263,889)
Expected tax charge based on the standard rate of		
corporation tax in the UK for the period of 25.5% (2011 - 28%)	**(360,971)**	(353,889)
Effects of:		
Marginal relief	**(458)**	(6,197)
Share based payments relief	**3,033**	(3,033)
Non-deductible expenses for tax purposes		
Impairment of goodwill	**255,000**	546,000
Other non- deductible expenses	**21,888**	4,229
Share based payments	**16,267**	3,033
Tax losses for which no deferred tax asset is recognised	**8,288**	-
Other items	**(14,439)**	9,083
Adjustment for under/(over) provision for current tax in previous periods	**1,023**	(1,683)
Reduction in opening deferred taxes resulting from reduction in tax rate	**(8,467)**	(3,254)
Total tax (credit)/charge for the period	**(78,836)**	194,289

9 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted number of shares in issue during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares for the conversion of all dilutive potential ordinary shares. As at 31 July 2012 and 31 March 2011 diluted earnings per share is the same as basic earnings per share as options granted under Employee Share Schemes were anti-dilutive.

As at 31 July 2012 diluted earnings per share based on the adjusted loss on ordinary activities after tax is the same as adjusted basic earnings per share as options granted under Employee Share Schemes were anti-dilutive. As at 31 March 2011 diluted earnings per share based upon the adjusted profit on ordinary activities after tax differs from adjusted basic earnings per share as options granted under Employee Share Schemes were dilutive.

For the better understanding of the underlying trading performance, the directors feel it appropriate to disclose earnings per share before and after adjusting for the amortisation of intangible assets acquired on acquisition of subsidiaries and impairment of goodwill.

	16 Months ended 31 July 2012	Year ended 31 March 2011
Earnings	£	£
Earnings attributable to ordinary shareholders	**(1,336,734)**	(1,458,178)
Amortisation of acquired intangible assets	**279,803**	174,146
Taxation impact amortisation of acquired intangible assets	**(78,469)**	(52,856)
Impairment of goodwill	**1,000,000**	1,950,000
Adjusted (loss)/profit on ordinary activities after tax	**(135,400)**	613,112

Number of shares	**Number**	**Number**
Weighted average number of shares for basic and diluted earnings per share	**35,781,081**	23,743,293
Potential dilutive effect of employee share schemes on adjusted profit	**-**	119,648
Weighted average number of shares for adjusted diluted earnings per share	**35,781,081**	23,862,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

9 Earnings per share (continued)

	16 Months ended 31 July 2012	Year ended 31 March 2011
	Pence	Pence
Earnings per share		
Basic earnings per share	**(3.74)**	(6.14)
Diluted earnings per share	**(3.74)**	(6.14)
Adjusted earnings per share		
Adjusted basic earnings per share	**(0.38)**	2.58
Adjusted diluted earnings per share	**(0.38)**	2.57

The calculation of adjusted basic earnings per share is set out below:

Earnings per share	Pence	Pence
Basic earnings per share	**(3.74)**	(6.14)
Amortisation of acquired intangible assets	**0.78**	0.73
Taxation impact amortisation of acquired intangible assets	**(0.22)**	(0.22)
Impairment of goodwill	**2.80**	8.21
Adjusted basic earnings per share (pence)	**(0.38)**	2.58

10 Property, plant and equipment

	Leasehold Improvements	Motor Vehicles	Fixtures	Equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2010	14,179	2,191	53,912	117,164	187,446
Additions	13,584	-	31,974	35,413	80,971
Disposals	-	(2,191)	-	-	(2,191)
At 31 March 2011	27,763	-	85,886	152,577	266,226
Acquired through business combinations	**-**	**-**	**6,643**	**-**	**6,643**
Additions	**51,661**	**-**	**13,822**	**35,665**	**101,148**
Disposals	**(11,959)**	**-**	**(16,094)**	**(42,179)**	**(70,232)**
At 31 July 2012	**67,465**	**-**	**90,257**	**146,063**	**303,785**
Accumulated depreciation					
At 1 April 2010	2,354	102	13,770	26,213	42,439
Charge for the year	4,325	261	14,874	28,636	48,096
Adjustment for disposals	-	(363)	-	-	(363)
At 31 March 2011	6,679	-	28,644	54,849	90,172
Charge for the year	**13,464**	**-**	**21,063**	**37,547**	**72,074**
Adjustment for disposals	**(4,734)**	**-**	**(6,300)**	**(26,395)**	**(37,429)**
At 31 July 2012	**15,409**	**-**	**43,407**	**66,001**	**124,817**
Net book value					
At 31 July 2012	**52,056**	**-**	**46,850**	**80,062**	**178,968**
At 31 March 2011	21,084	-	57,242	97,728	176,054
At 1 April 2010	11,825	2,089	40,142	90,951	145,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

11 Intangible assets

	Goodwill	Customer Contracts	Software	Total
	£	£	£	£
Cost				
At 1 April 2010	4,046,702	590,000	18,915	4,655,617
Additions	-	-	886	886
At 31 March 2011	4,046,702	590,000	19,801	4,656,503
Acquired through business combinations	**381,246**	**260,000**	**-**	**641,246**
Additions	**-**	**-**	**17,402**	**17,402**
Disposals	**-**	**-**	**(4,818)**	**(4,818)**
At 31 July 2012	**4,427,948**	**850,000**	**32,385**	**5,310,333**
Amortisation and impairment				
At 1 April 2010	-	205,384	2,570	207,954
Amortisation charge for the period	-	174,146	4,422	178,568
Impairment charge for the period	1,950,000	-	-	1,950,000
At 31 March 2011	1,950,000	379,530	6,992	2,336,522
Amortisation charge for the period	**-**	**279,803**	**6,636**	**286,439**
Impairment charge for the period	**1,000,000**	**-**	**-**	**1,000,000**
Disposals	**-**	**-**	**(2,447)**	**(2,447)**
At 31 July 2012	**2,950,000**	**659,333**	**11,181**	**3,620,514**
Net book value				
At 31 July 2012	**1,477,948**	**190,667**	**21,204**	**1,689,819**
At 31 March 2011	2,096,702	210,470	12,809	2,319,981
At 1 April 2010	4,046,702	384,616	16,345	4,447,663

The carrying amount of goodwill is allocated to cash generating units (CGUs) as follows:

	31 July 2012	31 March 2011
	£	£
Vocational Training	**664,970**	1,283,724
Skills Training	**812,978**	812,978
	1,477,948	2,096,702

Acquisitions

BDTS Limited

On 6 April 2011 the Company acquired 100% of the issued share capital of BDTS Limited which provides Government sponsored vocational training. The acquisition was satisfied by way of cash consideration and the issue of 500,000 ordinary shares of 10p.

The cash consideration was paid from existing cash resources.

The consideration shares were valued at fair value of 18p per share at date of acquisition.

The transaction has been accounted for by the purchase method of accounting.

The intangible assets identified on the acquisition of BDTS Limited represent the Directors' estimate of the fair value of customer contracts at acquisition. Residual goodwill represents items that cannot be individually separated and measured due to their natures. This includes the value associated with BDTS Limited's workforce and delivery model, systems and processes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

11 Intangible assets (continued)

Fair Values

The book and fair values of the assets and liabilities acquired were as follows:

	Book Value	Fair Value Adjustments	Fair Value
	£	£	£
Intangible assets	-	260,000	260,000
Tangible assets	13,686	(7,042)	6,644
Trade and other receivables	105,521	-	105,521
Bank balances and cash	1,330,998	-	1,330,998
Trade and other payables	(48,139)	(9,113)	(57,252)
Provisions	-	(5,240)	(5,240)
Current tax liabilities	(39,341)	(6,966)	(46,307)
Deferred tax liabilities	(1,945)	(66,232)	(68,177)
	1,360,780	165,407	1,526,187
Goodwill			381,246
			1,907,433

Satisfied by:	£
Cash	1,817,433
Shares	90,000
	1,907,433

The outflow of cash resulting from the acquisition is as follows:

	£
Cash	1,817,433
Acquisition costs – expensed through profit & loss	20,548
Cash and cash equivalents acquired	(1,330,998)
	506,983

As part of the group restructure that took place on 31 July 2011, the trade and assets of BDTS Limited were transferred to a fellow subsidiary undertaking – Woodspeen Training Limited - and the company ceased to trade. It is impractical for the Group to disclose the revenue and profits attributable to the activities of the acquired business for either the period from acquisition to 31 July 2012 or for the current reporting period as though the acquisition date had been at the beginning of the reporting period.

The group restructure transferred the trade and assets of BDTS Limited, Futures Training Centres Limited and S&S Training Services Limited to Woodspeen Training Limited. Following the transfer of businesses; contracts were amalgamated; staff merged into two teams – Vocational and Skills; and property resources shared so that it is impractical to identify revenue and costs attributable to the business acquired.

Impairment of goodwill and intangible assets

The total amount of goodwill acquired through business combinations and recognised at 31 July 2012 is allocated for impairment testing to two cash generating units which are also the operating and reportable segments. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

The carrying value of goodwill is compared with the asset's recoverable amount, based on value in use, on an annual basis to determine whether impairment exists. The value in use calculation was performed using pre-tax cash flow projections based on financial plans approved by management for the two next years. Cash flows beyond the budgeted period are extrapolated using a 1% growth rate. These future cash flows are discounted by an appropriate risk adjusted pre-tax discount rate (17.5%) to give the value in use.

Management believe that the assumptions used to determine value in use are appropriate and reasonable.

The same approach for calculating the recoverable value of goodwill is used for both cash generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

11 Intangible assets (continued)

Following the annual impairment test as at 31 July 2012, a charge of £1,000,000 has been recognised in the income statement in respect of goodwill impairment.

Vocational Training: the vocational training industry has faced and continues to face challenging conditions in the current climate. Securing employment for young learners, which is a pre-cursor to providers delivering apprenticeship training, is an industry wide challenge. At the same time margins are being adversely affected by the Government's "more for less" policy. With no evidence of improvement in trading conditions and the recognition that conditions could deteriorate further the Group has made an impairment of £1,000,000 against the carrying value of goodwill for Vocational Training.

Key assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Budget or base year profit – the value in use calculation assumes the budget for the year is achieved;
- Growth of market and market share – the value in use calculation assumes a modest growth (1%) and that the Group will retain rather than increase its market share; and
- Discount rate – cash flows are discounted using the Group's nominal pre-tax discount rate based on the Group's weighted average cost of capital, adjusted to reflect management's estimate of the risk profile for the business.

The value in use calculation assumes that the Group's programmes will continue to be supported by the Government and attract funding.

Sensitivity to changes in assumptions

Impairment analysis requires the use of certain future market assumptions and discount factors, which are subjective in nature. Estimated values can be affected by many factors beyond the Group's control such as business and economic trends, Government funding and regulation etc. Changes in circumstances affecting assumptions used could have a significant impact on the value in use potentially resulting in an impairment write down.

Management has considered the impact of budget profit not being achieved in the base year; a reduction in the growth rate; and the impact of an increase in the pre-tax discount rate in the value in use calculation for impairment testing.

For Vocational Training, following the impairment of goodwill, budget or base year profit could fall by 20%; or the extrapolated growth rate of 1% could be negative 2%; or the pre-tax discount rate could increase to 21.5% before the value in use would be close to the carrying value.

For Skills Training budget or base year profit could fall 35%; or the extrapolated growth rate of 1% could be negative 1%; or the pre-tax discount rate could increase to 21.5% before the value in use would be close to the carrying value.

12 Trade and other receivables

	31 July 2012	31 March 2011
	£	£
Current		
Trade receivables	**569,007**	879,797
Corporation tax	**8,000**	-
Other taxes	**5,544**	-
Other receivables	**14,446**	10,139
Prepayments and accrued income	**150,437**	211,864
	747,434	1,101,800

The carrying amounts of trade and other receivables approximate to their fair value. Trade and other receivables are non-interest bearing and generally on 30 – 60 days terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

13 Trade and other payables

	31 July 2012	31 March 2011
	£	£
Current		
Trade payables	**222,732**	180,149
Other taxes and social security taxes	**66,953**	486,412
Other payables	**114,929**	77,983
Accruals	**309,717**	175,627
	714,331	920,171

Trade payables are non-interest bearing and normally settled on 30 day terms.

14 Provisions

	Leasehold Dilapidations
	£
At 1 April 2011	211,112
Acquired on business combinations	5,240
Arising in year	55,378
Utilised in year	(30,853)
Released in year	(135,510)
As at 31 July 2012	**105,367**
Shown as:	
Current	**94,817**
Non-current	**10,550**
Total	**105,367**

Leasehold dilapidations relate to the estimated cost of returning leasehold properties to their original state at the end of the lease (or break date where the Group has decided to exercise a break clause) in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

15 Financial instruments

The Group's activities expose it to a number of financial risks that include credit risk, liquidity risk and cash flow interest rate risk. These risks, and the Group's policies for managing them which have been applied consistently throughout the period, are set out below.

Market Risk

Interest rate risk

The Group's interest rate risk arises from interest bearing assets and liabilities.

The Group has in place a policy of maximising finance income by ensuring that cash balances earn a market rate of interest; offsetting, where possible, cash balances and by forecasting and financing its working capital requirements.

Non-market Risk

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and finance charges and repayments on its debt instruments.

The Group's working capital requirements are managed through regular monitoring of the overall cash position and regularly updated cash flow forecasts to ensure that there are sufficient funds available for its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

15 Financial instruments (continued)

Credit risk

Credit risk arises principally from the Group's trade receivables which comprise amounts due from customers. Prior to accepting new customers a credit check is obtained.

The Group has a significant concentration of credit risk, with a few customers representing the majority of trade receivables. These customers are funded directly or indirectly by the Government and are reliant on continued funding for vocational and skills training. The Group enters into contracts, generally on an annual basis, with these customers determining the level of approved activity for the period.

At 31 July 2012 trade receivables of £9,088 (2011 - £15,393) were past due date but not impaired. These debts relate to customers with no default history. Payment of these debts, bar £944, has been received since the year end.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Loans and borrowings

The Group has undrawn committed overdraft facilities available at 31 July 2012. The overdraft facility is a multiple of book debts up to a maximum of £400,000, bears interest at 2½% above base rate; is secured by an omnibus guarantee and debenture over the Group's assets; and is subject to annual renewal on 31 July and has been renewed until 31 July 2013.

The overdraft facility has not been drawn on during the year.

Analysis of financial assets and liabilities

The Group's financial instruments are categorised as follows:

Financial assets

	Loans and Receivables	
	31 July 2012	31 March 2011
	£	£
Trade receivables	**569,007**	**879,797**
Cash and cash equivalents	**2,927,056**	**3,763,321**
	3,496,063	**4,643,118**

The carrying value of the Group's financial assets represents its maximum credit risk exposure at the balance sheet date.

Financial liabilities

The contractual maturities (representing undiscounted contractual cash flows) of financial liabilities are:

	Within 1 Year	
	31 July 2012	31 March 2011
	£	£
Non-interest bearing		
Trade payables	**222,736**	180,149
Accruals and other payables	**403,390**	236,270
	626,126	416,419

Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

16 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates of 23% and 24% (2011 – 26%) that have been substantively enacted at the balance sheet date. The tax rate used depends upon the expected timing of the reversal of the timing difference.

The following are the major deferred tax liabilities/(assets) recognised by the Group and the amounts charged/ (credited) to the income statement during the current and prior reporting period.

	Business Combinations (Customer Contracts)	Share Options	Accelerated Capital Allowances	Other Timing Differences	Total
	£	£	£	£	£
At 1 April 2010	107,578	-	25,888	-	133,466
Recognised in comprehensive income					
Tax charge/(credit) in income statement	(52,856)	(3,033)	10,806	-	(45,083)
At 31 March 2011	54,722	(3,033)	36,694	-	88,383
Recognised in comprehensive income					
Tax charge/(credit) in income statement	**(78,469)**	**3,033**	**(17,577)**	**(40,498)**	**(133,511)**
Business combinations					
Acquired on business combinations	**67,600**	**-**	**1,945**	**-**	**69,545**
Fair value adjustments on business combinations	**-**	**-**	**-**	**(1,368)**	**(1,368)**
At 31 July 2012	**43,853**	**-**	**21,062**	**(41,866)**	**23,049**

Deferred tax balances for financial reporting purposes are analysed as follows:

	31 July 2012	31 March 2011
	£	£
Deferred tax liabilities	**43,853**	91,416
Deferred tax assets	**(20,804)**	(3,033)
	23,049	88,383

Deferred tax assets are recognised for timing differences and tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £15,800 (2011 - £7,300) in respect of losses amounting to £66,000 (2011 - £28,000) that can be carried forward against future taxable income. These losses have no set expiry date.

17 Share capital

The Company has one class of Ordinary shares which carry equal voting rights and no right to fixed income.

	Number	£
Authorised		
Ordinary shares of 10p each	**100,000,000**	**10,000,000**

	Number	£
Allotted, called up and fully paid		
Ordinary shares of 10p each		
At 1 April 2010	20,520,000	2,052,000
Placing of shares 7 December 2010	7,560,000	756,000
Placing of shares 14 February 2011	5,464,538	546,454
Placing of shares 28 February 2011	1,741,666	174,166
As at 31 March 2011	35,286,204	3,528,620
Allotted 6 April 2011 on acquisition of BDTS Limited	**500,000**	**50,000**
At 31 July 2012	**35,786,204**	**3,578,620**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

18 Share based payments

Enterprise Management Incentive Scheme (EMI Scheme)

Under the EMI Scheme, options over shares in the Company are granted to senior executives of the Group. The exercise price is equal to the market price, as agreed with HMRC, of the underlying share on the date of grant.

The contractual term of each option granted is three years and there are no cash settlement alternatives. The options lapse if not exercised within the third and tenth anniversary of the date of grant although the rules of the EMI Scheme permit early exercise in certain circumstances.

Vesting conditions attached to the share options granted during the period. Share options granted in the period have either a market condition (based upon the Company's share price) or a non-market condition (based on a non-financial target by the Group) attached.

	Number	Weighted Average Exercise Price
Outstanding as at 1 April 2011	2,000,000	15.0p
Granted	1,195,000	17.7p
Outstanding as at 31 July 2012	**3,195,000**	**16.0p**
Exercisable as at 31 March 2012	**-**	**-**

Range of exercise prices for options outstanding at 31 July 2012	15p – 18p
Weighted average remaining contractual life	8.5 years
Weighted average fair value of option awarded in period	6.1p

No options lapsed or were exercised in the year.

The fair value of the share options is estimated at the grant date using the Black-Scholes model or other appropriate pricing model taking into account the terms and conditions upon which the share options were granted.

The following information was used in the determination of the value of options granted during the period.

		16 Months ended 31 July 2012	Year ended 31 March 2011
Equity-Settled			
Fair value share price at date of grant	Pence	**15 – 18**	15
Exercise price	Pence	**15 – 18**	15
Contractual life	Years	**10**	10
Expected volatility	%	**50%**	44%
Expected life	Years	**3 – 4**	3
Expected dividends	Pence	**Nil**	Nil
Expected dividend growth rate	%	**0%**	0%
Risk free interest rate	%	**0.9% – 1.0%**	0.9%

The volatility assumption, measured at the standard deviation of expected share price returns is based on a statistical analysis of daily share prices of a range of comparable listed companies.

The expense recognised for employee services received during the year is as follows:

	16 Months ended 31 July 2012	Year ended 31 March 2011
	£	**£**
Equity-settled share based payment schemes	**63,792**	17,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2012

19 Related party transactions

The Company paid £15,000 (2011 - £14,175) to St Helens Capital LLP for corporate finance services during the period. St Helens Capital LLP is a wholly owned subsidiary of Evolve Capital plc, a substantial shareholder.

20 Obligations under leases

The terms of property leases vary but tend to be tenant repairing leases with rent reviews every two to five years and many have break clauses.

The total value of future minimum lease payments, assuming lease break clauses are not exercised, is as follows:

	31 July 2012	31 March 2011
	£	£
Not later than one year	**21,417**	2,750
After one year and not more than five years	**339,327**	255,375
After five years	**-**	123,700
	360,744	381,825

21 Capital commitments

At the period end the Group had capital commitments as follows:

	31 July 2012	31 March 2011
	£	£
Authorised but not contracted	**40,000**	-

22 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium account	Records the consideration premium for shares issued at a value that exceeds the nominal value.
Merger reserve	The Company has applied the provisions of Section 131 of the Companies Act 1985 and obtained merger relief on: the 800,000 ordinary shares issued with a fair value of 52p per share, as part of the acquisition of the entire share capital of Futures Training Centres Limited on 8 May 2008; and the 500,000 ordinary shares issued with a fair value of 18p per share, as part of the acquisition of the entire share capital of BDTS Limited on 6 April 2011.
Retained earnings	Records cumulative gains and losses recognised in the statement in consolidated statement of comprehensive income.

COMPANY BALANCE SHEET

AS AT 31 JULY 2012

COMPANY NUMBER : 06434555

	Note	31 July 2012	31 March 2011
		£	£
Fixed assets			
Tangible fixed assets	3	**2,706**	2,218
Investments	4	**2,053,209**	3,725,568
		2,055,915	3,727,786
Current assets			
Debtors: amounts falling due within one year	5	**234,675**	93,171
Debtors: amounts falling due in over one year	5	**-**	3,033
Cash at bank and in hand		**2,548,142**	2,265,711
		2,782,817	2,361,915
Creditors: amounts falling due within one year	6	**(158,601)**	(201,727)
Net current assets		**2,624,216**	2,160,188
		4,680,131	5,887,974
Capital and reserves			
Issued share capital	7,8	**3,578,620**	3,528,620
Share premium account	8	**2,997,637**	2,997,637
Retained earnings	8	**(1,896,126)**	(638,283)
Equity Shareholders' Funds		**4,680,131**	5,887,974

The financial statements were approved and authorised for issue by the Board of Directors on 12 November 2012 and were signed on its behalf by:

Si Hussain
Chief Executive

Lynn A Chandler
Finance Director

The accompanying Notes form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2012

1 Accounting policies

(a) General information

The Company's principal activity is that of a holding company.

(b) Basis of preparation

These financial statements present financial information for Woodspeen Training Group plc as a separate entity, and have been prepared in accordance with the historical cost convention, the Companies Act 2006 and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The Company's Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union, are separately presented. The principal accounting policies adopted in these Company financial statements are set out below and, unless otherwise indicated, have been consistently applied for all periods presented.

The principal accounting policies adopted by the Company are as follows:

(c) Investments

Investments held as fixed assets are stated at cost less any provision to reflect impairment in value.

Where applicable, the Company takes advantage of merger relief, recording the investment in the Company's balance sheet at the nominal value of the shares issued.

(d) Impairment of fixed assets

Investments held as fixed assets are tested at least annually (or whenever events or changes in circumstances indicate that carrying value may be impaired) for impairment and carried at cost less accumulated impairment losses. Provisions for any impairment in value are taken to the profit and loss account.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).

(e) Equity instruments

Equity instruments issued by the Company are recorded the fair value of the proceeds received, net of direct issue costs.

(f) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(g) Taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the realisation of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted.

2 Profit for the period

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 period includes a loss after tax of £1,321,635 (2011 – £925,844) which is dealt with in the financial statements of the Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2012

3 Tangible fixed assets

	Equipment
	£
Cost	
At 1 April 2011	3,664
Additions	2,424
At 31 July 2012	**6,088**
Accumulated depreciation	
At 1 April 2011	1,446
Charge for the period	1,936
At 31 July 2012	**3,382**
Net book value	
At 31 July 2012	**2,706**
At 31 March 2011	2,218

4 Investments

	Investment in Subsidiary Undertakings
	£
Cost	
At 1 April 2011	5,075,568
Acquisition BDTS Limited	1,887,981
Recapitalisation Woodspeen Training Limited	20,000
Incorporation subsidiary undertakings	587
Return of capital from subsidiaries	(1,955,927)
Write off part investment S&S Training Services Limited	(380,000)
At 31 July 2012	**4,648,209**
Provision	
At 1 April 2011	1,350,000
Write down during period	1,625,000
Write off part investment S&S Training Services Limited	(380,000)
At 31 July 2012	**2,595,000**
Net book value	
At 31 July 2012	**2,053,209**
At 31 March 2011	**3,725,568**

Incorporation subsidiary undertakings in year

During the period two wholly owned subsidiary companies were incorporated, one of which traded during the period.

Group restructure

On 31 July 2011 a group restructure transferred the trade and assets of three subsidiaries to Woodspeen Training Limited.

Return of capital

The cost of investment in subsidiary undertakings has been reduced by £1,955,927 due to dividends received by the Company which were paid out of pre-acquisition profits as a result of the group restructure.

Provision

Following the annual impairment review, the carrying value of Woodspeen Training Limited has been written down by £1,625,000 reflecting the challenging conditions faced by the vocational training industry in the current economic climate.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2012

4 Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings at the end of the period included in the consolidated financial statements:

Name	**Country of incorporation**	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
Subsidiary undertakings trading at period end			
Woodspeen Training Limited (formerly A&R Training Services Limited)	UK	100%	Vocational & Skills Training
Woodspeen Recruitment & Employment Services Limited	UK	100%	Vocational Services
Woodspeen Recruitment & Employment Services ATA Limited	UK	100%	Vocational Services
Subsidiary undertakings that become dormant during period following group restructure			
BDTS Limited	UK	100%	Dormant
Futures Training Centres Limited	UK	100%	Dormant
S&S Training Services Limited	UK	100%	Dormant
Subsidiary undertakings dormant since incorporation:			
A& R Training Services Limited (formerly Woodspeen Training Limited)	UK	100%	Dormant
The Apprenticeship College Limited	UK	100%	Dormant

5 Debtors

Debtors: amounts falling due within one year

	31 July 2012	**31 March 2011**
	£	**£**
Corporation tax	**58,490**	78,500
Other taxes and social security costs	**5,544**	-
Subsidiary undertakings	**153,441**	-
Other receivables	**4,506**	813
Prepayments and accrued income	**12,694**	13,858
	234,675	93,171
Debtors: amounts falling due in over one year		
Deferred tax	**-**	3,033
Total debtors	**234,675**	96,204

6 Creditors: amounts falling due within one year

	31 July 2012	**31 March 2011**
	£	**£**
Taxation and social security costs	**-**	6,635
Subsidiary undertakings	**143,111**	150,546
Accruals	**15,490**	44,546
	158,601	201,727

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2012

7 Share capital

The Company has one class of Ordinary shares which carry equal voting rights and no right to fixed income.

	Number	£
Authorised		
Ordinary shares of 10p each	**100,000,000**	**10,000,000**

	Number	£
As at 1 April 2010	20,520,000	2,052,000
Placing of shares 7 December 2010	7,560,000	756,000
Placing of shares 14 February 2011	5,464,538	546,454
Placing of shares 28 February 2011	1,741,666	174,166
At 31 March 2011	35,286,204	3,528,620
Allotted on acquisition of BDTS Limited	**500,000**	**50,000**
At 31 July 2012	**35,786,204**	**3,578,620**

8 Reconciliation of movements in share capital and reserves

	Issued Share Capital	Share Premium Account	Retained Earnings	Total Share-holders Equity
	£	£	£	£
As at 31 March 2010	2,052,000	1,907,822	269,684	4,229,506
Retained profit	-	-	(925,844)	(925,844)
Share based payment	-	-	17,877	17,877
Placing of shares	1,476,620	1,181,296	-	2,657,916
Expenses of share issues	-	(91,481)	-	(91,481)
As at 31 March 2011	3,528,620	2,997,637	(638,283)	5,887,974
Retained loss	**-**	**-**	**(1,321,635)**	**(1,321,635)**
Share based payment	**-**	**-**	**63,792**	**63,792**
Allotted on acquisition of BDTS Limited	**50,000**	**-**	**-**	**50,000**
At 31 July 2012	**3,578,620**	**2,997,637**	**(1,896,126)**	**4,680,131**

9 Related party transactions

The Company paid £15,000 (2011 - £14,175) to St Helens Capital LLP for corporate finance services during the period. St Helens Capital LLP is a wholly owned subsidiary of Evolve Capital plc, a substantial shareholder.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "*Related Party Disclosures*" not to disclose transactions with members of the group headed by Woodspeen Training Group plc on the grounds that 100% of the voting rights in the Company are controlled within the group and the Company is included in consolidated financial statements.

OFFICERS, COMPANY DETAILS & PROFESSIONAL ADVISERS

Officers and Company Details

Directors

Charles Prior FCA	Chairman
Lynn Chandler ACA	Finance Director
Compton Hellyer	Non-Executive Director
Si Hussain FCA FCCA	Chief Executive

Secretary
Lynn Chandler ACA

Company number
06434555

Registered office
32 Wingate Road
Hammersmith
London
W6 0UR

Country of incorporation
Great Britain

Legal form
Public company limited by shares

Professional Advisers

Auditors
BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Bankers
Lloyds TSB Bank PLC
Sedgemoor House
Dean Gate Avenue
Blackbrook Business Park
Taunton TA1 2UF

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St Helens Capital Partners LLP
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Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors
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