
WOODSPEEN TRAINING GROUP PLC

INTERIM STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2011

CHIEF EXECUTIVE'S REPORT

I enclose the interim results for Woodspeen Training Group plc ('The Group') for the six months ended 30 September 2011.

Business Overview

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

The Vocational Training division delivers programmes comprising pre-apprenticeship and apprenticeship training, predominantly to younger learners (aged 16-18).

The Skills Training division delivers adult learner programmes in basic skills and New Deal programmes for the unemployed. As highlighted in the Annual Report, delivery of the high margin New Deal programmes ceased during the period.

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

In the current environment it is proving very challenging to find employment opportunities for young learners as employers are reluctant to recruit.

Performance for the six months to 30 September 2011

Performance during the period has been in line with the Board's expectations.

The Group made an operating profit before interest, tax and amortisation of goodwill (EBITA) of £264,925 for the six months to 30 September 2011 compared to £545,548 for the six months to September 2010.

	Six Months September 2011		Six Months September 2010	
	Revenue	Operating Profit	Revenue	Operating Profit
	£	£	£	£
Vocational Training	1,846,001	209,360	1,742,931	206,373
Skills Training	971,490	220,374	1,406,932	477,570
	2,817,491	429,734	3,149,863	683,943
Group items: Unallocated corporate costs		(164,809)		(138,395)
Operating profit before amortisation and goodwill impairment		264,925		545,548
Amortisation charge on acquired intangible assets		(88,253)		(95,226)
Total for Group	2,817,491	176,672	3,149,863	450,322

Vocational Training for the six months to 30 September 2011 includes results from BDTS Limited ('BDTS'), acquired on 6 April 2011. Comparative figures for 2010 exclude BDTS.

Economic conditions have remained very challenging during the first half, with continued uncertainty reflected in subdued employment opportunities in particular for young learners (aged 16-18). In this regard, recent Government announcements relating to significantly increased apprenticeship starts nationally, whilst newsworthy, predominantly reflect an increase in apprenticeship starts for adult learners aged 25 and over (25+). Learners in the 25+ age group attract lower Government funding as they are predominantly already in employment. Funding for younger learners, which on an individual basis is significantly higher, reflects the additional support required to help young learners secure their first employment. It is the recruitment, placing

CHIEF EXECUTIVE'S REPORT

into employment and training of young learners that are the areas of core expertise for the Group. Recently published unemployment figures showing in excess of one million NEETs (not in employment, education or training) highlight the adverse impact that both the recession and austerity measures are having in the economy. Whilst there are presently no indications to suggest that the next 12-24 months will show an upturn in employment opportunities, it is the Board's opinion that there will be significant opportunities for growth in the young learner market as economic and employment conditions improve. The Group's strategy therefore is to invest resources into activities that will support young learners into their first employment as this will help to maintain the Group's capability to support future growth.

Vocational Training

Vocational Training encompasses apprenticeship and pre-apprenticeship programmes for learners.

	Six Months September 2011			Six Months September 2010		
	Revenue £	Operating Profit £	Profit Margin %age	Revenue £	Operating Profit £	Profit Margin %age
Vocational Training (including BDTS)	1,846,001	209,360	11.3	1,742,931	206,373	11.8
Vocational Training (excluding BDTS)	1,371,501	114,260	8.3	1,742,931	206,373	11.8

Excluding the effects of BDTS, revenues and profits have declined during the period. A change in the Group's age mix of learners (in favour of apprenticeship learners aged 25+) together with a later cycle of recruitment of young learners during the first half of the year have impacted financial performance adversely.

Subdued employment conditions continue to constrain the Group's ability to place young apprentices with employers. As the Group draws down funding only when learners are placed with employers, a lack of placement opportunities impacts directly on the Group's revenues. Further, changes to funding regulations, which came into effect during the period, also now require all placed learners to be employed with employers 'from day one'. A dearth of employment and placement opportunities has adversely impacted the Group's performance during the period under review.

Skills Training

Skills Training comprises basic skills (Skills for Life) programmes and programmes for the unemployed (New Deal).

	Six Months September 2011			Six Months September 2010		
	Revenue £	Operating Profit £	Profit Margin %age	Revenue £	Operating Profit £	Profit Margin %age
Skills Training	971,490	220,374	22.7	1,406,932	477,570	33.9

As part of the Coalition's much publicised welfare to work reforms, the New Deal programme was replaced during the period with the Work Programme. The Group is not engaging directly with the Work Programme.

Funding for the Group's Skills for Life programmes is through a sub-contract with the University for Industry (Ufi), itself a direct contract holder with the Skills Funding Agency. With the Government's on-going development of the Skills agenda, most recently including the privatisation of Ufi, your Board is keeping under review its options over future engagement by ensuring that commercial arrangements, which are reviewed annually, remain in the long term interests of the Group.

CHIEF EXECUTIVE'S REPORT

Sector consolidation

During the period your Board has continued to maintain dialogue with a number of providers in the sector that may join the Woodspeen Group in the future. Whilst significant acquisition opportunities exist, vendor expectations currently remain unrealistic and may continue to do so until the impact of economic and employment uncertainties feed through into valuations.

The Group held cash resources of around £3.8m at 30 September 2011 (2010 - £1.1m) to help finance future acquisition activity.

Outlook

There remains considerable uncertainty in the economic environment and this is likely to restrict the Group's performance for the foreseeable future. Notwithstanding this, your Board's strategy, to maintain focus on young learners, helps to position the Group to exploit opportunities as and when employment confidence returns.

Si Hussain
Chief Executive

28 November 2011

UNAUDITED CONSOLIDATED INCOME STATEMENT

PERIOD TO 30 SEPTEMBER 2011

Year March 2011 Audited £		Notes	Six Months September 2011 Unaudited £	Six Months September 2010 Unaudited £
5,711,583	Revenue	2	2,817,491	3,149,863
(3,509,021)	Cost of sales		(1,837,825)	(1,755,089)
2,202,562	Gross profit		979,666	1,394,774
(3,459,380)	Administrative expenses		(802,994)	(944,452)
(1,256,818)	Profit/(Loss) from operations	2	176,672	450,322
Analysed as:				
693,182	Profit from operations excluding exceptional item		176,672	450,322
(1,950,000)	Exceptional item		-	-
(1,256,818)			176,672	450,322
2,077	Finance revenue		4,770	947
(9,148)	Finance costs		-	(9,148)
(1,263,889)	Profit/(Loss) before taxation	2	181,442	442,121
(194,289)	Tax expense		(47,827)	(127,702)
(1,458,178)	Profit/(Loss) for the period		133,615	314,419

Earnings per share

(6.14)p	-	Basic	3	0.37p	1.53p
	-				
(6.11)p	-	Diluted	3	0.37p	1.53p

Turnover and profit all derive from continuing operations.

Unaudited consolidated statement of comprehensive income Six months ended 30 September 2011

There is no difference between the profit for the period shown and total comprehensive income.

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

The accompanying notes form an integral part of these consolidated interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2011

As at March 2011 Audited £	Notes	As at September 2011 Unaudited £	As at September 2010 Unaudited £	
Assets				
Non-current assets				
176,054	Property, plant and equipment	4	160,337	196,272
2,319,981	Intangible assets	5	2,847,261	4,351,069
3,033	Deferred tax assets		9,700	-
2,499,068			3,017,298	4,547,341
Current assets				
1,101,800	Trade and other receivables		543,662	779,363
3,763,321	Cash and short term deposits		3,762,641	1,062,256
4,865,121			4,306,303	1,841,619
7,364,189	Total assets		7,323,601	6,388,960
Liabilities				
Current liabilities				
920,171	Trade and other payables		522,825	624,352
40,318	Deferred revenue		8,235	-
237,780	Current tax liabilities		365,864	380,201
203,418	Provisions		213,073	209,858
1,401,687			1,109,997	1,214,411
Non-current liabilities				
7,694	Provisions		8,305	7,730
91,416	Deferred tax liabilities		100,370	111,809
99,110			108,675	119,539
1,500,797	Total liabilities		1,218,672	1,333,950
5,863,392	Net Assets		6,104,929	5,055,010
Equity				
Capital and reserves attributable to equity holders of the Company				
3,528,620	Issued share capital	6	3,578,620	2,052,000
2,997,637	Share premium reserve		2,997,637	1,907,822
336,000	Merger reserve		376,000	336,000
(998,865)	Retained earnings		(847,328)	759,188
5,863,392	Total Equity		6,104,929	5,055,010

The consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 28 November 2011 and were signed on its behalf by:

Saieem Hussain
Chief Executive

The accompanying notes form an integral part of these consolidated interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD TO 30 SEPTEMBER 2011

Year ended March 2011 Audited £		Six Months ended September 2011 Unaudited £	Six Months ended September 2010 Unaudited £
	Cash flows from operating activities		
(1,263,889)	Profit/(Loss) before taxation	181,442	442,121
	Adjustments for:		
1,950,000	Impairment write down goodwill	-	-
48,096	Depreciation of property, plant and equipment	28,143	23,054
63,240	Depreciation leasehold improvements	5,026	31,023
1,828	Loss on disposal of property, plant and equipment	-	1,828
	Amortisation of intangibles		
174,146	- Customer contracts acquired on acquisition	88,253	95,226
4,422	- Software	1,560	2,044
17,877	Share based payment expense	17,164	3,333
(2,077)	Finance income	(4,770)	(947)
9,148	Finance costs	-	9,148
(160,797)	Decrease/(Increase) in trade and other receivables	663,720	161,910
387,649	(Decrease)/Increase in trade and other payables	(456,549)	78,299
27,057	(Decrease)/Increase in deferred revenue	(32,083)	-
(38,694)	(Decrease)/Increase in provisions	-	-
1,218,006	Cash generated by operations	491,906	847,039
(272,105)	Income taxes paid	-	(39,672)
945,901	Cash flows from operating activities	491,906	807,367
	Cash flows from investing activities		
-	Acquisitions – Consideration	(1,817,433)	-
-	Acquisitions – Cash acquired	1,330,998	-
(80,971)	Purchase of plant and equipment	(5,783)	(76,147)
(886)	Purchase of intangibles - software	(3,046)	(676)
2,077	Interest received	2,678	947
(79,780)	Net cash used in investing activities	(492,586)	(75,876)
	Cash flows from financing activities		
2,657,916	Proceeds from issue of shares	-	-
(91,481)	Expenses in connection with share issues	-	-
(350,000)	Repayment of loan notes	-	(350,000)
(12,543)	Interest paid	-	(12,543)
2,203,892	Net cash used in financing activities	-	(362,543)
3,070,013	Increase/(Decrease) in cash and cash equivalents	(680)	368,948
693,308	Cash and cash equivalents at start of period	3,763,321	693,308
3,763,321	Cash and cash equivalents at end of period	3,762,641	1,062,256

The accompanying notes form an integral part of these consolidated interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2011

	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
<i>Transactions with owners:</i>					
Employee share option schemes:					
- Value of share options granted	-	-	-	3,333	3,333
<i>Profit and total</i>					
<i>comprehensive income</i>	-	-	-	314,419	314,419
At 30 September 2010	2,052,000	1,907,822	336,000	759,188	5,055,010
<i>Transactions with owners:</i>					
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	-	-	-	14,544	14,544
<i>Loss and total</i>					
<i>comprehensive income</i>	-	-	-	(1,772,597)	(1,772,597)
At 31 March 2011	3,528,620	2,997,637	336,000	(998,865)	5,863,392
<i>Transactions with owners:</i>					
Allotted on acquisition					
of BDTS Limited	50,000	-	40,000	-	90,000
Employee share option schemes:					
- Value of share options granted	-	-	-	17,164	17,164
- Deferred tax on share options	-	-	-	758	758
<i>Profit and total</i>					
<i>comprehensive income</i>	-	-	-	133,615	133,615
At 30 September 2011	3,578,620	2,997,637	376,000	(847,328)	6,104,929

The accompanying notes form an integral part of these consolidated interim financial statements

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2011

1 Accounting policies

(a) General information

The interim report was approved by the Board on 28 November 2011.

The consolidated interim financial information is unaudited and does not constitute statutory accounts within the meaning of section 434(1) of the Companies Act 2006.

The interim financial information has not been reviewed or audited by BDO LLP, the Company's Auditors.

(b) Basis of preparation

The interim financial information has been prepared in accordance with the reporting requirements of Plus Markets.

The interim report should be read in conjunction with the annual financial statements for the period ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to groups preparing their accounts under IFRS.

Except as described below, the accounting policies applied in the preparation of the interim financial information are consistent with those adopted in the statutory accounts for the year ended 31 March 2011 as described in those financial statements.

Taxes on income in interim periods are accrued using the expected annual effective tax rate that would be applicable to expected total annual earnings.

The Directors believe that any other new standards, amendments to standards or interpretations that are mandatory for the first time for the financial year beginning 1 April 2011 are either not relevant to the Group or are not anticipated to impact the Group.

The figures for the year ended 31 March 2011 were derived from the statutory accounts for that period. The statutory accounts for the year ended 31 March 2011 were approved by the Board of Directors on 27 June 2011 and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

(c) Significant accounting estimates and judgements

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

The key sources of estimation uncertainty in the preparation of the interim financial information 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.

2 Segment information

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, New Deal and other employability training programmes).

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 costs. Corporate 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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2011

2 Segment information (continued)

Year March 2011			Six Months September 2011		Six Months September 2010	
Revenue	Profit/ (Loss)		Revenue	Profit/ (Loss)	Revenue	Profit/ (Loss)
£	£		£	£	£	£
3,262,538	372,013	Vocational Training	1,846,001	209,360	1,742,931	206,373
2,449,045	786,662	Skills Training	971,490	220,374	1,406,932	477,570
5,711,583	1,158,675		2,817,491	429,734	3,149,863	683,943
		Group items:				
	(291,347)	Unallocated corporate costs		(164,809)		(138,395)
	867,328			264,925		545,548
	(174,146)	Amortisation charge on acquired intangible assets		(88,253)		(95,226)
	(1,950,000)	Impairment of goodwill		-		-
5,711,583	(1,256,818)	Total for Group	2,817,491	176,672	3,149,863	450,322

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

Six Months to 30 September 2011

	Reported Segmental Operating Profit/(Loss)	Amortisation on Acquired Intangible Assets	Impairment of Goodwill	Segmental Operating Profit/(Loss)
	£	£	£	£
Six Months to 30 September 2011				
Vocational Training	209,360	(88,253)	-	121,107
Skills Training	220,374	-	-	220,374
Total for segments	429,734	(88,253)	-	341,481
Group items:				
Unallocated corporate costs				(164,809)
Total for Group				176,672

Six Months to 30 September 2010

Vocational Training	206,373	(78,920)	-	127,453
Skills Training	477,570	(16,306)	-	461,264
Total for segments	689,943	(95,226)	-	588,717
Group items:				
Unallocated corporate costs				(138,395)
Total for Group				450,322

Year to 31 March 2011

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 corporate costs				(291,347)
Total for Group				(1,256,818)

All income is derived from the United Kingdom.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2011

3 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted number of shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares for the conversion of all dilutive potential ordinary shares. Options granted under Employee Share Schemes dilute the earnings per share by increasing the weighted average number of shares without changing net profit.

To understand 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. The calculation of adjusted earnings per share is set out below:

Year ended March 2011		Six months ended September 2011	Six Months ended September 2010
£	Earnings	£	£
(1,458,178)	Earnings attributable to ordinary shareholders	133,615	314,419
174,146	Amortisation of acquired intangible assets	88,253	95,226
(52,856)	Taxation impact amortisation of acquired intangible assets	(22,946)	(26,544)
1,950,000	Impairment of goodwill	-	-
613,112	Adjusted profit on ordinary activities after tax	198,922	383,101
Number	Number of shares	Number	Number
23,743,293	Weighted average number of shares for basic earnings per share	35,772,543	20,520,000
119,648	Potential dilutive effect of employee share schemes	496,794	-
23,862,941		36,269,337	20,520,000
Pence	Earnings per share	Pence	Pence
(6.14)	Basic earnings per share	0.37	1.53
(6.11)	Diluted earnings per share	0.37	1.53
2.58	Adjusted earnings per share	0.56	1.86
2.57	Adjusted diluted earnings per share	0.57	1.86

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

Year ended March 2011		Six months ended September 2011	Six Months ended September 2010
Pence		Pence	Pence
(6.14)	Basic earnings per share	0.37	1.53
0.73	Amortisation of acquired intangible assets	0.25	0.46
(0.22)	Taxation impact amortisation of acquired intangible assets	(0.06)	(0.13)
8.21	Impairment of goodwill	-	-
2.58	Adjusted basic earnings per share (pence)	0.56	1.86

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2011

4 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	31,584	-	19,291	25,272	76,147
Disposals	-	(2,191)	-	-	(2,191)
At 30 September 2010	45,763	-	73,203	142,436	261,402
Additions	(18,000)	-	12,683	10,141	4,824
At 31 March 2011	27,763	-	85,886	152,577	266,226
Additions	-	-	-	5,783	5,783
Acquired through business Combinations	-	-	6,643	-	6,643
At 30 September 2011	27,763	-	92,529	158,360	278,652
Accumulated depreciation					
At 1 April 2010	2,354	102	13,770	26,213	42,439
Charge for the period	1,936	261	6,028	14,829	23,054
Adjustment for disposals	-	(363)	-	-	(363)
At 30 September 2010	4,290	-	19,798	41,042	65,130
Charge for the period	2,389	-	8,846	13,807	25,042
At 31 March 2011	6,679	-	28,644	54,849	90,172
Charge for the period	3,720	-	6,610	17,813	28,143
At 30 September 2011	10,399	-	35,254	72,662	118,315
Net book value					
At 30 September 2011	17,364	-	57,275	85,698	160,337
At 31 March 2011	21,084	-	57,242	97,728	176,054
At 30 September 2010	41,473	-	53,405	101,394	196,272

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2011

5 Intangible assets

	Goodwill £	Customer Contracts £	Software £	Total £
Cost				
At 1 April 2010	4,046,702	590,000	18,915	4,655,617
Additions	-	-	676	676
At 30 September 2010	4,046,702	590,000	19,591	4,656,293
Additions	-	-	210	210
At 31 March 2011	4,046,702	590,000	19,801	4,656,503
Additions	-	-	3,046	3,046
Acquired through business combinations	474,047	140,000	-	614,047
At 30 September 2011	4,520,749	730,000	22,847	5,273,596
Amortisation				
At 1 April 2010	-	205,384	2,570	207,954
Charge for the period	-	95,226	2,044	97,270
At 30 September 2010	-	300,610	4,614	305,224
Charge for the period	1,950,000	78,920	2,378	2,031,298
At 31 March 2011	1,950,000	379,530	6,992	2,336,522
Charge for the period	-	88,253	1,560	89,813
At 30 September 2011	1,950,000	467,783	8,552	2,426,335
Net book value				
At 30 September 2011	2,570,749	262,217	14,295	2,847,261
At 31 March 2011	2,096,702	210,470	12,809	2,319,981
At 30 September 2010	4,046,702	289,390	14,977	4,351,069

6 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
Allotted, called up and fully paid		
Ordinary shares of 10p each		
At 1 April 2010 & 30 September 2010	20,520,000	2,052,000
Placing shares 7 December 2010	7,560,000	756,000
Placing shares 14 February 2011	5,464,538	546,454
Placing shares 28 February 2011	1,741,666	174,166
At 31 March 2011	35,286,204	3,528,620
Allotted 6 April 2011 on acquisition of BDTS Limited	500,000	50,000
At 30 September 2011	35,786,204	3,578,620

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2011

7 Acquisition 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 fair value adjustments contain provisional amounts which will be finalised in the accounting period ending 31 July 2012. This includes the valuation of intangible assets and related deferred tax effect.

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' workforce and delivery model, systems and processes.

Fair Values

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

	Book Value	Fair Value Adjust- ments	Fair Value
	£	£	£
Intangible assets	-	140,000	140,000
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)	(13,113)	(61,252)
Provisions	-	(5,240)	(5,240)
Current tax liabilities	(39,342)	(6,966)	(46,308)
Deferred tax liabilities	(1,945)	(35,032)	(36,977)
	1,360,779	72,607	1,433,386
Goodwill			474,047
			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