Registered Number : 6434555

# WOODSPEEN TRAINING GROUP PLC

## INTERIM STATEMENT

## FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2012

Woodspeen
Training Group plc

# CHIEF EXECUTIVE'S REPORT

I am pleased to report on the Group's results during the six month period to 31 March 2012 and to provide additional comparative information for the twelve month period ended on the same date.

**Business and performance overview**

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

As had been anticipated Vocational Training has been adversely impacted in the period under review by recent changes in Government policy and by the ongoing subdued employment environment. What had not been anticipated at the time of my last statement to shareholders was the extremely disappointing performance of Skills Training in the period under review.

The performance of the Group during the six month period to 31 March 2012 can be summarised as follows

| | **Six Months March 2012** | | **Six Months March 2011** | |
|---|---|---|---|---|
| | **Revenue** | **Operating Profit** | **Revenue** | **Operating Profit** |
| | **£** | **£** | **£** | **£** |
| Vocational Training | **1,733,672** | **22,571** | 1,519,607 | 165,640 |
| Skills Training | **542,990** | **(119,933)** | 1,042,113 | 309,092 |
| | **2,276,662** | **(97,362)** | 2,561,720 | 474,732 |
| Group items: Unallocated corporate costs | | **(164,347)** | | (152,952) |
| Operating profit before amortisation and goodwill impairment | | **(261,709)** | | 321,780 |
| Amortisation charge on acquired intangible assets | | **(118,337)** | | (78,920) |
| Impairment of goodwill | | **-** | | (1,950,000) |
| **Total for Group** | **2,276,662** | **(380,046)** | 2,561,720 | (1,707,140) |

As a consequence of better performance and a more benign trading environment during the previous six month period the results for the twelve month period to 31 March 2012 were slightly better and can be summarised as follows.

| | **Year March 2012** | | **Year March 2011** | |
|---|---|---|---|---|
| | **Revenue** | **Operating Profit** | **Revenue** | **Operating Profit** |
| | **£** | **£** | **£** | **£** |
| Vocational Training | **3,579,673** | **231,931** | 3,262,538 | 372,013 |
| Skills Training | **1,514,480** | **100,441** | 2,449,045 | 786,662 |
| | **5,094,153** | **332,372** | 5,711,583 | 1,158,675 |
| Group items: Unallocated corporate costs | | **(329,156)** | | (291,347) |
| Operating profit before amortisation and goodwill impairment | | **3,216** | | 867,328 |
| Amortisation charge on acquired intangible assets | | **(206,590)** | | (174,146) |
| Impairment of goodwill | | **-** | | (1,950,000) |
| **Total for Group** | **5,094,153** | **(203,374)** | 5,711,583 | (1,256,818) |

# CHIEF EXECUTIVE'S REPORT

**Skills Training**

Skills Training comprises classroom delivery of basic skills (numeracy, literacy, IT, employability) programmes to unemployed adult learners. Learners on Skills Programmes are referred to Woodspeen primarily through the Department of Work and Pensions (DWP) supply chain.

Funding for Skills programmes is principally through a subcontract, renewable annually in July. This contract is now held with LearnDirect Ltd following privatisation of UfI Ltd by the Government in October 2011.

Turnover and operating profit in Skills Training has fallen significantly during the period.

| | Six Months March 2012 Revenue | Six Months March 2011 Revenue |
|---|---|---|
| | £ | £ |
| Skills Programmes | **535,224** | 665,245 |
| New Deal | **7,766** | 376,868 |
| **Revenue** | **542,990** | 1,042,113 |
| | | |
| **Operating (Loss)/Profit** | **(119,933)** | 309,092 |

The cessation of the previous Government's profitable New Deal programme during the period was highlighted in my previous reports and has had a direct impact on Group performance during the period.

Performance from LearnDirect funded Skills programmes has been negatively impacted by a larger than expected reduction in the average funding rate/learner earned during the period. The results reflect the effect of lower funding rates.

As an immediate action the Group has announced the closure of its smaller Skills delivery centres in Bognor and Daventry. Associated costs are included in the results for the period.

With further rate reductions anticipated in future years, the Board is reviewing strategic options for Skills Training.

**Vocational Training**

Vocational Training comprises apprenticeship and pre-apprenticeship programmes for young and adult learners.

Performance in the Vocational business has deteriorated during the period as the changes in Government funding announced last year take effect. The requirement that all apprentices are employed from 'day 1' has adversely impacted Group performance, as the relative scarcity of employment opportunities, in particular for young learners, in the present economic environment has made it difficult to grow volumes. Whilst the Group has responded during the period by increasingly diverting its recruitment activities into attracting 'work ready' learners in favour of 'harder-to-place' learners, this has been at the expense of a reduced operating margin as the former attract lower support funding than those who are harder -to -place.

# CHIEF EXECUTIVE'S REPORT

With the UK economy now officially in a double dip recession it is unlikely that employment opportunities will improve over the foreseeable future.

In view of this macroeconomic landscape, the Group is taking further action to re-align its cost base.

**Sector consolidation**

The Board continues to develop a dialogue with other operators in the sector that could potentially join the Group in the future. However, whilst there are a number of acquisition opportunities that would deliver economies of scale to the Group, the Board is only prepared to progress these when vendor expectations have fallen to a level that more closely matches the reality of the current trading environment.

At 31 March 2012 the Group held cash resources of £3.2 million and thus is well placed to weather the present difficult trading conditions and to finance future acquisition activity when this is considered appropriate.

The Group has strengthened its management capability with the recent appointment of a group director of operations.

**Outlook**

Vocational employment opportunities will likely remain subdued, in particular for young learners, until the economic environment improves. With continued funding pressures, to deliver 'more for less', your Board will continue to take necessary actions to secure the stability of the business whilst maintaining its core capability and focus on young learners. As a training provider wholly funded by Government, the Group is positioned where funding remains most resilient and in a sector that is in the process of consolidation. Your Board believes the business remains well placed to exploit future opportunities as and when they arise.

Si Hussain
Chief Executive

30 May 2012

# UNAUDITED CONSOLIDATED INCOME STATEMENT

**PERIOD TO 31 MARCH 2012**

| 6 Months March 2012 Unaudited | 6 Months March 2011 Unaudited | | Notes | 12 Months March 2012 Unaudited | 12 Months March 2011 Audited |
|---|---|---|---|---|---|
| | £ | | | £ | £ |
| **2,276,662** | 2,561,720 | **Revenue** | 2 | **5,094,153** | 5,711,583 |
| **(1,649,601)** | (1,753,932) | Cost of sales | | **(3,487,426)** | (3,509,021) |
| **627,061** | 807,788 | **Gross profit** | | **1,606,727** | 2,202,562 |
| **(1,007,107)** | (2,514,928) | Administrative expenses | | **(1,810,101)** | (3,459,380) |
| **(380,046)** | (1,707,140) | **Loss from operations** | 2 | **(203,374)** | (1,256,818) |
| | | Analysed as: | | | |
| **(380,046)** | 242,860 | (Loss)/Profit from operations excluding exceptional item | | **(203,374)** | 693,182 |
| **-** | (1,950,000) | Exceptional item | | **-** | (1,950,000) |
| **(380,046)** | (1,707,140) | | | **(203,374)** | (1,256,818) |
| **11,927** | 1,130 | Finance revenue | | **16,697** | 2,077 |
| **-** | - | Finance costs | | **-** | (9,148) |
| **(368,119)** | (1,706,010) | **(Loss)/Profit before taxation** | 2 | **(186,677)** | (1,263,889) |
| **91,053** | (66,587) | Tax credit/expense | | **43,226** | (194,289) |
| **(277,066)** | (1,772,597) | **(Loss)/Profit for the period** | | **(143,451)** | (1,458,178) |
| | | **Earnings per share** | | | |
| **(0.77)p** | (6.57)p | - **Basic** | **3** | **(0.40)p** | (6.14)p |
| **(0.77)p** | (6.54)p | - **Diluted** | **3** | **(0.40)p** | (6.11)p |

Turnover and profit all derive from continuing operations.

## Unaudited consolidated statement of comprehensive income
## Period ended 31 March 2012

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 31 MARCH 2012**

| | Notes | As at March 2012 Unaudited | As at March 2011 Audited |
|---|---|---|---|
| | | **£** | **£** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | **168,085** | 176,054 |
| Intangible assets | 5 | **2,755,815** | 2,319,981 |
| Deferred tax assets | | **-** | 3,033 |
| | | **2,923,900** | 2,499,068 |
| **Current assets** | | | |
| Trade and other receivables | | **613,425** | 1,101,800 |
| Cash and short term deposits | | **3,246,376** | 3,763,321 |
| | | **3,859,801** | 4,865,121 |
| **Total assets** | | **6,783,701** | 7,364,189 |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **575,862** | 920,171 |
| Deferred revenue | | **18,726** | 40,318 |
| Current tax liabilities | | **50,103** | 237,780 |
| Provisions | | **163,471** | 203,418 |
| | | **808,162** | 1,401,687 |
| **Non-current liabilities** | | | |
| Provisions | | **19,043** | 7,694 |
| Deferred tax liabilities | | **104,056** | 91,416 |
| | | **123,099** | 99,110 |
| **Total liabilities** | | **931,261** | 1,500,797 |
| **Net Assets** | | **5,852,440** | 5,863,392 |
| | | | |
| **Equity** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Issued share capital | 6 | **3,578,620** | 3,528,620 |
| Share premium reserve | | **2,997,637** | 2,997,637 |
| Merger reserve | | **376,000** | 336,000 |
| Retained earnings | | **(1,099,817)** | (998,865) |
| **Total Equity** | | **5,852,440** | 5,863,392 |

The consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 30th May 2012 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 31 MARCH 2012**

| | 12 Months ended March 2012 Unaudited | 12 Months ended March 2011 Audited |
|---|---|---|
| | £ | £ |
| **Cash flows from operating activities** | | |
| Loss before taxation | **(186,677)** | (1,263,889) |
| Adjustments for: | | |
| Impairment write down goodwill | **-** | 1,950,000 |
| Depreciation of property, plant and equipment | **54,794** | 48,096 |
| Depreciation leasehold improvements | **23,652** | 63,240 |
| Loss on disposal of property, plant and equipment | **32,802** | 1,828 |
| Amortisation of intangibles | | |
| - Customer contracts acquired on acquisition | **206,590** | 174,146 |
| - Software | **4,087** | 4,422 |
| Share based payment expense | **45,532** | 17,877 |
| Loss on disposal of intangibles - software | **2,371** | - |
| Finance income | **(16,679)** | (2,077) |
| Finance costs | **-** | 9,148 |
| Decrease/(Increase) in trade and other receivables | **594,218** | (160,797) |
| (Decrease)/Increase in trade and other payables | **(408,538)** | 387,649 |
| (Decrease)/Increase in deferred revenue | **(21,592)** | 27,057 |
| (Decrease)/Increase in provisions | **(47,010)** | (38,694) |
| Cash generated by operations | **283,550** | 1,218,006 |
| Income taxes paid | **(246,310)** | (272,105) |
| Cash flows from operating activities | **37,240** | 945,901 |
| **Cash flows from investing activities** | | |
| Acquisitions – Consideration | **(1,817,433)** | - |
| Acquisitions – Cash acquired | **1,330,998** | - |
| Purchase of plant and equipment | **(72,985)** | (80,971) |
| Purchase of intangibles - software | **(7,636)** | (886) |
| Interest received | **12,871** | 2,077 |
| Net cash used in investing activities | **(554,185)** | (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** | **(516,945)** | 3,070,013 |
| **Cash and cash equivalents at start of period** | **3,763,321** | 693,308 |
| **Cash and cash equivalents at end of period** | **3,246,376** | 3,763,321 |

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

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**AS AT 31 MARCH 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 |
| *Loss and total comprehensive income* | - | - | - | (1,458,178) | (1,458,178) |
| **At 31 March 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 | - | - | - | 45,532 | 45,532 |
| - Deferred tax on share options | - | - | - | (3,033) | (3,033) |
| *Loss and total comprehensive income* | - | - | - | (143,451) | (143,451) |
| **At 31 March 2012** | **3,578,620** | **2,997,637** | **376,000** | **(1,099,817)** | **5,852,440** |

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT 31MARCH 2012**

**1 Accounting policies**

***(a) General information***

The interim report was approved by the Board on 30th May 2012.

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.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT 31MARCH 2012**

## 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.

| | | **6 Months March 2012** | | **6 Months March 2011** |
|---|---|---|---|---|
| | **Revenue** | **Profit/ (Loss)** | **Revenue** | **Profit/ (Loss)** |
| | **£** | **£** | **£** | **£** |
| Vocational Training | **1,733,672** | **22,571** | 1,519,607 | 165,640 |
| Skills Training | **542,990** | **(119,933)** | 1,042,113 | 309,092 |
| | **2,276,662** | **(97,362)** | 2,561,720 | 474,732 |
| Group items: | | | | |
| Unallocated corporate costs | | **(164,347)** | | (152,952) |
| | | **(261,709)** | | 321,780 |
| Amortisation charge on acquired intangible assets | | **(118,337)** | | (78,920) |
| Impairment of goodwill | | **-** | | (1,950,000) |
| **Total for Group** | **2,276,662** | **(380,046)** | 2,561,720 | (1,707,140) |

| | | **12 Months March 2012** | | **12 Months March 2011** |
|---|---|---|---|---|
| | **Revenue** | **Profit/ (Loss)** | **Revenue** | **Profit/ (Loss)** |
| | **£** | **£** | **£** | **£** |
| Vocational Training | **3,579,673** | **231,931** | 3,262,538 | 372,013 |
| Skills Training | **1,514,480** | **100,441** | 2,449,045 | 786,662 |
| | **5,094,153** | **332,372** | 5,711,583 | 1,158,675 |
| Group items: | | | | |
| Unallocated corporate costs | | **(329,156)** | | (291,347) |
| | | **3,216** | | 867,328 |
| Amortisation charge on acquired intangible assets | | **(206,590)** | | (174,146) |
| Impairment of goodwill | | **-** | | (1,950,000) |
| **Total for Group** | **5,094,153** | **(203,374)** | 5,711,583 | (1,256,818) |

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT 31MARCH 2012**

**2 Segment information (continued)**

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:

| | Reported Segmental Operating Profit/(Loss) | Amortisation on Acquired Intangible Assets | Impairment of Goodwill | Segmental Operating Profit/(Loss) |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **6 Months to 31 March 2012** | | | | |
| Vocational Training | **22,571** | **(118,337)** | **-** | **(95,766)** |
| Skills Training | **(119,933)** | **-** | **-** | **(119,933)** |
| **Total for segments** | **(97,362)** | **(118,337)** | **-** | **(215,699)** |
| Group items: | | | | |
| Unallocated corporate costs | | | | **(164,347)** |
| **Total for Group** | | | | **(380,046)** |
| **6 Months to 31 March 2011** | | | | |
| Vocational Training | 165,640 | (78,920) | (400,000) | (313,280) |
| Skills Training | 309,092 | - | (1,550,000) | (1,240,908) |
| **Total for segments** | 474,732 | (78,920) | (1,950,000) | (1,554,188) |
| Group items: | | | | |
| Unallocated corporate costs | | | | (152,952) |
| **Total for Group** | | | | (1,707,140) |
| **12 Months to 31 March 2012** | | | | |
| Vocational Training | **231,931** | **(206,590)** | **-** | **25,341** |
| Skills Training | **100,441** | **-** | **-** | **100,441** |
| **Total for segments** | **332,372** | **(206,590)** | **-** | **125,782** |
| Group items: | | | | |
| Unallocated corporate costs | | | | **(329,156)** |
| **Total for Group** | | | | **(203,374)** |
| **12 Months 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 31MARCH 2012**

## 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:

| 6 months ended March 2012 | 6 months ended March 2011 | | 12 Months ended March 2012 | 12 Months ended March 2011 |
|---|---|---|---|---|
| **£** | **£** | **Earnings** | **£** | **£** |
| **(277,066)** | (1,772,597) | Earnings attributable to ordinary shareholders | **(143,451)** | (1,458,178) |
| **118,337** | 140,273 | Amortisation of acquired intangible assets | **206,590** | 174,146 |
| **(30,767)** | (26,312) | Taxation impact amortisation of acquired intangible assets | **(53,713)** | (52,856) |
| **-** | 1,950,000 | Impairment of goodwill | **-** | 1,950,000 |
| **(189,496)** | 291,364 | Adjusted profit on ordinary activities after tax | **9,426** | 613,112 |
| **Number** | **Number** | **Number of shares** | **Number** | **Number** |
| **35,786,204** | 26,984,297 | Weighted average number of shares for basic earnings per share | **35,779,373** | 23,743,293 |
| **286,465** | 119,648 | Potential dilutive effect of employee share schemes | **334,210** | 119,648 |
| **36,065,838** | 27,103,945 | | **36,113,583** | 23,862,941 |
| **Pence** | **Pence** | **Earnings per share** | **Pence** | **Pence** |
| **(0.77)** | (6.57) | Basic earnings per share | **(0.40)** | (6.14) |
| **(0.77)** | (6.54) | Diluted earnings per share | **(0.40)** | (6.11) |
| **(0.53)** | 1.08 | Adjusted earnings per share | **0.03** | 2.58 |
| **(0.53)** | 1.07 | Adjusted diluted earnings per share | **0.03** | 2.57 |

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

| 6 months ended March 2012 | 6 months ended March 2011 | | 12 Months ended March 2012 | 12 Months ended March 2011 |
|---|---|---|---|---|
| **Pence** | **Pence** | | **Pence** | **Pence** |
| **(0.77)** | (6.57) | Basic earnings per share | **(0.40)** | (6.14) |
| **0.33** | 0.52 | Amortisation of acquired intangible assets | **0.58** | 0.73 |
| **(0.09)** | (0.10) | Taxation impact amortisation of acquired intangible assets | **(0.15)** | (0.22) |
| **-** | 7.23 | Impairment of goodwill | **-** | 8.21 |
| **(0.53)** | 1.08 | Adjusted basic earnings per share (pence) | **0.03** | 2.58 |

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT 31MARCH 2012**

**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 | 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** |
| Additions | 35,637 | - | 5,142 | 32,206 | 75,985 |
| Acquired through business combinations | - | - | 6,643 | - | 6,643 |
| Disposals | (11,959) | - | (16,094) | (42,179) | (70,232) |
| **At 31 March 2012** | **51,441** | | **81,577** | **142,604** | **275,622** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| **At 1 April 2010** | **2,354** | **102** | **13,770** | **26,213** | **42,439** |
| Charge for the period | 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 period | 8,820 | - | 15,651 | 30,323 | 54,794 |
| Adjustment for disposals | (4,734) | - | (6,300) | (26,395) | (37,429) |
| **At 31 March 2012** | **10,765** | **-** | **37,995** | **58,777** | **107,537** |
| | | | | | |
| **Net book value** | | - | | | |
| **At 31 March 2012** | **40,676** | **-** | **43,582** | **83,827** | **168,085** |
| **At 31 March 2011** | 21,084 | - | 57,242 | 97,728 | 176,054 |

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## AS AT 31MARCH 2012

**5 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** |
| Additions | - | - | 7,636 | 7,636 |
| Acquired through business combinations | 381,246 | 260,000 | - | 641,246 |
| Disposals | - | - | (4,818) | (4.818) |
| **At 31 March 2012** | **4,427,948** | **850,000** | **22,619** | **5,300,567** |
| **Amortisation** | | | | |
| **At 1 April 2010** | **-** | **205,384** | **2,570** | **207,954** |
| Charge for the period | 1,950,000 | 174,146 | 4,422 | 2,128,568 |
| **At 31 March 2011** | **1,950,000** | **379,530** | **6,992** | **2,336,522** |
| Charge for the period | - | 206,590 | 4,087 | 210,677 |
| Adjustment for disposals | - | - | (2,447) | (2,447) |
| **At 31 March 2012** | **1,950,000** | **586,120** | **8,632** | **2,544,752** |
| **Net book value** | | | | |
| **At 31 March 2012** | **2,477,948** | **263,880** | **13,987** | **2,755,815** |
| **At 31 March 2011** | 2,096,702 | 210,470 | 12,809 | 2,319,981 |

**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** |

| | Number | £ |
|---|---|---|
| **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 31 March 2012** | **35,786,204** | **3,578,620** |

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT 31MARCH 2012**

**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 nature. This includes the value associated with BDTS Limited's workforce and delivery model, systems and processes.

**Fair Values**

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

| | Book Value | Fair Value Adjust-ments | 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 | 72,607 | 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** |