Registered Number: 06434555

WOODSPEEN TRAINING GROUP PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2013

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CHAIRMAN'S STATEMENT

I am pleased to announce the results of the Group for the year ended 31 July 2013.

Whilst anticipated in our interim statement in April 2013 it is still disappointing to report an operating loss for the year ended 31 July 2013, before amortisation of acquired intangible assets and exceptional items, of £397,362 as against a loss of £164,397 in the 16 months period ended 31 July 2012.

As a detailed business review is given in the Chief Executive's Report I am taking the opportunity of setting out an overview of where we are now, after just over five years of trading, and what our plans and prospects are for the future.

With the benefit of hindsight Woodspeen entered the government sponsored vocational training market at a most unpropitious time. In 2008 and early 2009 we acquired our first two companies - Futures Training Centres Limited and A&R Training Services Limited - for some £4.3 million. At that time we were profitable but very soon after the arrival of the coalition government in May 2010 a large proportion of the programmes undertaken by the Group, in particular the New Deal programme for the unemployed and "programme led" apprenticeships, were wound down and closed.

This has meant that over the last three years the Group has had to re-engineer its programmes in order to stay in business. At the same time this difficult situation has been compounded by harsh economic conditions with employers, understandably, reluctant to take on young learners.

Over this period our management team, under the very capable leadership of our Chief Executive, has had to contend with these issues and at the same time integrate our businesses into one operating unit. They are to be congratulated in achieving this. We have also managed to conserve the cash of some £2.5 million that we raised at the end of 2010 and early 2011 for acquisitions.

The Group is now focused on programmes where funding is currently most resilient but there are still uncertainties as to the future direction of Government policy.

We are in a better place and our objective is to grow turnover in order to achieve scale. The Group is focused on delivering organic growth and integrating acquisitions, which we are now actively pursuing, in order to return Woodspeen to profitability.

We have learned some painful lessons and I fully expect next year will again be challenging. I do nevertheless have confidence that we are on the right track and look forward to reporting better news in the years ahead.

Charles Prior
Chairman
19 November 2013

CHIEF EXECUTIVE'S REPORT

I am pleased to report to you on the Group's results for the year ended 31 July 2013.

Business overview

The Group delivers Government funded programmes to employed and unemployed learners through two divisions: Vocational Training and Skills Training.

Vocational Training programmes comprise pre-apprenticeship and apprenticeship training, predominantly to younger learners (aged 16-18). Apprenticeships are paid jobs with learners employed from day 1 of their apprenticeship. Programmes include delivery of both workplace assessment and off-the-job training in core skills including Maths and English.

Skills Training programmes comprise the provision of skills and employability training including Maths, English and CV writing. These programmes are delivered to unemployed adults.

The Group's programmes are funded substantially through a direct contract held with the Skills Funding Agency (SFA).

The continued availability of Government funding for training programmes undertaken by the Group is the key driver of the Group's long term success.

Performance for the year

Group performance for the year has been disappointing but in line with the Board's expectations as set out in my Interim Statement.

Group operating profit before amortisation of acquired intangible assets of £52,000 (2012 - £279,803) and impairment of goodwill £nil (2012 – £1,000,000) is as follows:

		12 Months ended 31 July 2013		**16 Months ended 31 July 2012**
	Revenue	**Operating Profit/(Loss)**	**Revenue**	**Operating Profit/(Loss)**
	£	**£**	**£**	**£**
Vocational Training	**2,682,393**	**(119,167)**	4,693,804	188,244
Skills Training	**1,330,940**	**60,083**	1,854,066	96,515
Total for segments	**4,013,333**	**(59,084)**	6,547,870	284,759
Group items:				
Corporate and central costs		**(338,278)**		(449,156)
	4,013,333	**(397,362)**	6,547,870	(164,397)

Vocational revenues have declined further in the second 6 month period resulting in an operating loss for the year. The dual effects of operating with lower 16-18 learner volumes throughout the past year coupled with reduced exposure to 24+ learners, in line with Government funding priorities during this year, has resulted in lower revenue for the year.

In contrast, performance in Skills has improved on a like for like programme basis as the Group is now funding in excess of 80% of delivery of these programmes through direct contract. 16 month comparative figures for Skills Training included the impact of high margin New Deal employment programmes now ceased.

Central costs for the year include legal costs, incurred in the second 6 months, related to the restructure of the Company's share capital to eliminate the deficit on its reserves.

Performance by division is analysed in further detail below.

Vocational Training

Revenue has declined on a like for like basis as the Group has continued to pull away from the training of 25+ apprenticeship learners (24+ from next year). Government funding priorities are focused on the 16-18 and 19-24 apprenticeship age groups (19-23 from next year). The Group has focused on the priority age groups during the year.

Recruitment in the key 16-18 year age group has remained challenging. Regrettably but predictably the introduction of new legislation, applicable to year 11 learners this academic year, has had a dampening effect on learner supply around the year end.

CHIEF EXECUTIVE'S REPORT

Known as RPA (Raising the Participation Age), the legislation requires school children to continue in education or training until the age to 17 but, importantly, does not require them to stay at school. A lack of impartial information around the training choices available to learners, in particular around apprenticeships, has negatively impacted both the quality and volume of learner supply. Your Board anticipates this impact will be relatively short lived however as improving information, advice and guidance becomes more widely available to learners.

On the demand side and by contrast, employer demand for young apprentices has stabilised and is beginning to show early signs of recovery, with the Group notably operating with net vacancies (more job vacancies than learners) for the first time around the year end.

The number of apprenticeship learners enrolled on Woodspeen programmes is as follows:

	As at 31 July 2013	As at 31 January 2013	As at 31 July 2012
In-Learning volumes			
16 – 18 learners	362	366	387
19 – 24 learners	252	246	224
Total 16 – 24 learners	**614**	**612**	**611**
25+ learners	119	240	289
Total learners	**733**	**852**	**900**

Notwithstanding the supply side challenges the Group has stabilised its 16-24 learner volumes during the year. 25+ learners have declined in line with Government funding priorities.

The Group has undertaken and completed its transformation, from a provider of predominantly classroom-based "Programme Led" apprenticeships to a provider of apprenticeship recruitment and training services to employers. With a base level of employed apprentices the Group is now focused on growing the employed learner book to operational scale.

Skills Training

The Group delivers Skills programmes to the unemployed working with key referral partners including Job Centre Plus (JCP) and Work Programme providers as part of the Government's Welfare to Work supply chain. The Group does not engage directly in the Work Programme in line with its previously stated strategy. Comparatives included the impact of the Group's engagement with New Deal unemployment programmes.

	12 Months ended 31 July 2013		16 Months ended 31 July 2012	
	Revenue	Operating Profit/(Loss)	Revenue	Operating Profit/(Loss)
	£	£	£	£
Basic Skills Programmes	**1,330,940**		1,162,053	
New Deal/other discontinued programmes	-		692,013	
Skills Training	**1,330,940**	**60,083**	1,854,066	96,515

The Government's Welfare to Work agenda is focused on removing barriers to employment. Basic skills programmes for the unemployed, of the type provided by the Group, are recognised as a key enabler to securing future employment. In previous years, funding for the Group's programmes was entirely through subcontracts which restricted flexibility over spend. The Group's strategy has been to move from subcontract funded delivery to direct funding.

In excess of 80% of the Group's Skills programmes are now funded directly. Direct funding has provided the Group with flexibility to expand its programme delivery, profitably, into other centres.

Demand for Skills programmes is expected to remain robust in the foreseeable future. However the Group remains dependent on the continued availability of sufficient funding to support delivery.

The Group has completed its transformation from a subcontract-funded provider of Welfare to Work programmes to a focused and substantially directly funded provider of Skills programmes for the unemployed.

CHIEF EXECUTIVE'S REPORT

Funding and Government policies

The effects of the Coalition's spending priorities, originally set out in late 2010, are now having their full effect on the sector. Reductions in funding rates, changes in programme priorities as well as the impact of the economic downturn have hammered down margins and forced providers out of the market. Against this backdrop Woodspeen has continued to deliver those programmes where funding is considered likely to remain most resilient.

With the election now less than two years away, a number of important Government consultations are underway including those around further funding reform. As a result, there may be further, far reaching implications for the sector and your Board continues to monitor closely Government and Opposition party policies to assess their impact on the long term prosperity of the Group.

Outlook

The sector continues to face challenges as funding constraints and uncertainties around future Government funding policy remain. The Group operates within the constraints of what is now perhaps the tightest funding environment in living memory and we cannot expect to be immune to further funding restrictions or policy changes. Against this background however and over the past few years the Group has transformed from a number of acquired and separately run subsidiaries to a single integrated operating business unit focused on delivering core programmes aligned to the Government's priorities.

There are emerging signs that employer demand for apprentices has reached base level and the Group is cautiously anticipating a return to organic growth. Demand remains firm for the Group's well-respected Skills programmes and this business has momentum. There remains significant scope for profitable growth subject to the continued availability of funding.

With the appointment in July of a Chief Operating Officer to take full responsibility for the day to day running of the business, the management re-structure of the business has been completed. As Chief Executive I am now able to focus on acquisition activity and, together with the Chairman, we are focused on making value-accretive acquisitions that will enable Woodspeen to achieve scale expeditiously.

In this regard vendor expectations are becoming more realistic as the sector continues to adjust to the changed funding landscape and your Board is currently examining a number of acquisition opportunities. We have a first-hand understanding of the challenges associated with operating in the sector and this knowledge and expertise will be essential to converting potential acquisition opportunities into value.

Your Board views the next 12-24 month horizon with caution. With apprenticeship programmes typically of 12-24 month duration, the Group expects that re-building volumes will translate into higher revenues and improving returns in the years ahead. Performance in the short-term will however remain challenging as it will take time to re-build volumes to previous levels.

I look forward to keeping you informed of our progress.

Si Hussain
Chief Executive
19 November 2013

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements of the Group and Company for the year ended 31 July 2013.

In 2011 the Company changed its accounting reference date to 31 July to align its reporting year end to that of subsidiary undertakings. The comparatives are for the 16 months to 31 July 2012.

Results and dividends

The Group's pre-tax loss for the year before interest income of £21,339 (2012 - £28,630); amortisation of acquired intangible assets of £52,000 (2012 - £279,803); and impairment of goodwill of £nil (2012 - £1,000,000) amounted to £397,362 (2012 – £164,397).

Reported pre-tax loss for the period amounted to £428,023 (2012 – £1,415,570) and reported loss after tax for the period was £414,887 (2012 – £1,336,734).

The Directors do not recommend the payment of a dividend for the year ended 31 July 2013.

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 4 which provides details of the Group's trading during the year and an assessment of the Group's future prospects.

At the Annual General Meeting held on 11 December 2012, shareholders in the Company approved, inter alia, the subdivision of each of the Company's ordinary shares of 10p each into 1 Ordinary share of 1p and 1 Deferred share of 9p and a reduction of capital involving the cancellation of the Deferred shares and the cancellation of the Company's share premium account. On 13 February 2013, Court approval required to give effect to the reduction of capital was received and the Deferred shares and the Company's share premium account were cancelled.

The Deferred Shares represented a capital reserve of £3,220,758 and the share premium account amounted to £2,997,637. The reduction of capital which involved the cancellation of the Deferred shares and the cancellation of the share premium account eliminated the accumulated deficit on the Company's profit and loss account and created distributable reserves of £3,969,329 in the Company after it's loss of £414,568 for the year.

Tax credit

The tax credit for the year was £13,136 (2012 – credit £78,836). The tax credit for the year comprises a credit of £2,215 in respect of corporation tax over-provided in previous periods and a deferred tax credit of £10,921.

The Group did not recognise a deferred tax asset in respect of £244,000 of taxable losses arising in the Company (Woodspeen Training Group plc) in the year as the Group does not expect to be able to utilise these losses in the future as the taxable losses cannot be group relieved this year and therefore can only be carried forward to be relieved against future profits of the Company. Given the structure of the Group, the Board does not expect the Company to make profits in the future against which these losses can be relieved so that it would not be appropriate to recognise a deferred tax asset for these taxable losses arising in the Company. In previous years, the Group has been able to group relief the taxable losses of the Company against taxable profits of subsidiaries.

The Group did not recognise a deferred tax asset in respect of £5,000 of taxable losses arising in a subsidiary that could not be group relieved in the year and, as the subsidiary has ceased trading, cannot be utilised.

The Group did recognise a deferred tax asset of £36,120 in respect of £161,755 of taxable losses of a subsidiary that the Group expects to relieve against future profits made by the subsidiary.

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.

The financial key performance indicators that, in the opinion of the Directors, provide meaningful information regarding performance for 2012/13 are: gross profit margin and net cash generated by operating activities.

Gross profit margin

The gross profit margin declined to 23.6% for the year to 31 July 2013 from 31.5% for the 16 months to 31 July 2012. The continuing decline in the gross profit margin reflects the difficult trading conditions faced by the Group in the last two years.

Net cash generated by operating activities

The net cash absorbed by operations was £206,259 (2012 - £80,378 generated) on an operating loss, before amortisation of intangible assets acquired on business combinations and impairment of goodwill, of £397,362 (2012 - £164,397).

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 and skills 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 an inadequate 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 year, are set out in note 16 to the financial statements.

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 year, the Group made no political or charitable donations.

DIRECTORS' REPORT

Directors and directors' interests

The directors who served during the year and their beneficial interests in the shares of the Company as recorded in the register of Directors' interests at 31 July 2013 are as follows:

	Ordinary Shares	
	Number	%age shareholding
Executive		
Lynn Chandler	987,400	2.76
Si Hussain	150,000	0.42
Non-Executive		
Compton Hellyer	306,456	0.86
Charles Prior	5,000,000	13.97

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

At 31 July 2013 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	Non-market performance criteria
Si Hussain	2,000,000	15p	23/08/2013	22/08/2020	None	No
	1,000,000	18p	09/08/2014	08/08/2021	27.5p	Yes
	1,500,000	6p	05/02/2016	04/02/2023	12p	Yes
Lynn Chandler	750,000	6p	05/02/2016	04/02/2023	12p	Yes

Substantial shareholdings

As at 8 November 2013, 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	18.01
Evolve Capital LLP	3,000,000	8.38
Octopus Investment Nominees	4,081,114	11.40
YFM Private Equity	1,388,500	3.88

Corporate governance

The Board has given due regard to the principles laid down by the UK Corporate Governance Code published by the Financial Reporting Council. Although as a company listed on the ISDX Growth Market it is not required to comply with the Code, the Board is committed to maintaining high standards of corporate governance and has put in place a framework, set out in the statement below, which it believes is appropriate given the size of the Company.

The Board

At 31 July 2013, 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.

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.

Directors not appointed or reappointed at one of the two preceding annual general meetings must retire from office and their re-election is subject to shareholder approval. Any directors appointed by the Directors since the last Annual General Meeting must retire from office and their re-election is subject to shareholder approval.

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

DIRECTORS' REPORT

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 Financial 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.

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.

DIRECTORS' REPORT

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.

The Group has established systems for employee development and engagement 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

The Group's employee share scheme allows the Board to enable employees of the Group to participate in the success of the Group.

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 2,485,000 Ordinary Share at 6p per share under the Approved 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 2013, the Group had an average of 44 days (2012 – 50 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 14 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.

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 2013/14, 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.

DIRECTORS' REPORT

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 16 December 2013 at 10.30am 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
19 November 2013

BIOGRAPHICAL INFORMATION ON DIRECTORS

Lynn Chandler - Finance Director - Aged 52

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 67

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 46

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 66

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 a market capitalisation of over £250 million.

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 year ended 31 July 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and company balance sheet, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2013 and of the group's loss for the year 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
19 November 2013

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 JULY 2013

	Note	Year Ended 31 July 2013	16 Months Ended 31 July 2012
		£	**£**
Revenue	2	**4,013,333**	6,547,870
Cost of sales	3	**(3,066,534)**	(4,487,702)
Gross profit		**946,799**	2,060,168
Administrative expenses	3	**(1,396,161)**	(3,504,368)
Loss from operations	2,3	**(449,362)**	(1,444,200)

Analysed as:			
Loss from operations before amortisation and impairment intangible assets		**(397,362)**	(164,397)
Amortisation intangibles – customer contracts acquired on acquisition		**(52,000)**	(279,803)
Impairment intangibles – Goodwill	6	-	(1,000,000)
		(449,362)	(1,444,200)

Finance revenue		**21,339**	28,630
Loss before taxation		**(428,023)**	(1,415,570)
Tax credit	7	**13,136**	78,836
Loss for the year/period		**(414,887)**	(1,336,734)

Earnings per share			
Basic and diluted	8	**(1.16)p**	(3.74)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 JULY 2013

There is no difference between the loss for the year/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 2013

COMPANY NUMBER : 06434555

	Note	31 July 2013	31 July 2012
		£	**£**
Assets			
Non-current assets			
Property, plant and equipment	9	**252,994**	178,968
Intangible assets	10	**1,633,948**	1,689,819
Deferred tax assets	15	**17,921**	20,804
		1,904,863	1,889,591
Current assets			
Trade and other receivables	11	**544,389**	747,434
Cash and short term deposits		**2,590,485**	2,927,056
		3,134,874	3,674,490
Total assets		**5,036,437**	5,564,081
Liabilities			
Current liabilities			
Trade and other payables	12	**649,057**	714,331
Deferred revenue		**12,080**	9,523
Current tax liabilities		**-**	10,557
Provisions	13	**-**	94,817
		661,137	829,228
Non-current liabilities			
Provisions	13	**21,360**	10,550
Deferred tax liabilities	15	**30,049**	43,853
		51,409	54,403
Total liabilities		**712,546**	883,631
Net assets		**4,327,191**	4,680,450
Equity			
Capital and reserves attributable to equity holders of the Company			
Issued share capital	16	**357,862**	3,578,620
Share premium reserve		**-**	2,997,637
Merger reserve		**376,000**	376,000
Retained earnings		**3,593,329**	(2,271,807)
Total equity		**4,327,191**	4,680,450

The financial statements were approved and authorised for issue by the Board of Directors on 19 November 2013 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

YEAR ENDED 31 JULY 2013

	Note	Year Ended 31 July 2013	16 Months Ended 31 July 2012
		£	£
Cash flows from operating activities			
Loss before taxation		**(428,023)**	(1,415,570)
Adjustments for:			
Impairment goodwill	6	-	1,000,000
Depreciation of property, plant and equipment	9	**75,841**	72,074
Depreciation of leasehold improvements	13	**36,292**	55,378
Loss on disposal of property, plant and equipment		-	32,802
Amortisation of intangibles – customer contracts acquired on acquisition	10	**52,000**	279,803
Amortisation of intangibles – software	10	**6,158**	6,636
Loss on disposal of intangibles – software		-	2,371
Share based payment expense	17	**61,628**	63,792
Finance income		**(21,339)**	(28,611)
Decrease in trade and other receivables		**194,200**	470,025
Decrease in trade and other payables		**(65,274)**	(261,174)
Increase/(Decrease) in deferred revenue		**2,557**	(30,795)
Decrease in provisions		**(120,299)**	(166,363)
Cash (absorbed)/generated by operations		**(206,259)**	80,368
Income taxes paid		**(342)**	(336,220)
Cash flows absorbed by operating activities		**(206,601)**	(255,852)
Cash flows from investing activities			
Acquisitions – Consideration		-	(1,817,433)
Acquisitions – Cash acquired		-	1,330,998
Purchase of plant and equipment	9	**(149,867)**	(101,148)
Purchase of intangibles - software	9	**(2,287)**	(17,402)
Interest received		**22,184**	24,572
Net cash used in investing activities		**(129,970)**	(580,413)
Decrease in cash and cash equivalents		**(336,571)**	(836,265)
Cash and cash equivalents at start of year/period		**2,927,056**	3,763,321
Cash and cash equivalents at end of year/period		**2,590,485**	2,927,056

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 JULY 2013

	Issued Share Capital	Share Premium Account	Merger Reserve	Retained Earnings	Total Share holders Equity
	£	£	£	£	£
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:					
- Share based payments	-	-	-	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
At 1 August 2012	3,578,620	2,997,637	376,000	(2,271,807)	4,680,450
Transactions with owners:					
Reduction of capital and cancellation of share premium account	**(3,220,758)**	**(2,997,637)**	**-**	**6,218,395**	**-**
Employee share option schemes:					
- Share based payments	**-**	**-**	**-**	**61,628**	**61,628**
Total comprehensive expense	**-**	**-**	**-**	**(414,887)**	**(414,887)**
At 31 July 2013	**357,862**	**-**	**376,000**	**3,593,329**	**4,327,191**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

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 2013, 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;
- The estimation of dilapidation provisions; and
- The determination of the fair value of share options.

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 2013

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 2013

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 2013

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.

(s) New standards and interpretations applied

New standards, amendments to standards and interpretations issued by the IASB and IFRIC effective for the first time from 1 August 2012 are either not relevant to the Group or have not had a material effect on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

1 Accounting policies (continued)

(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 August 2012 and have not been early adopted:

- *IFRS 9 Financial instruments:* This standard is the first step in the process to replace IAS 39 'Financial instruments: Recognition and measurement', and introduces new requirements for classifying and measuring financial assets and financial liabilities. The standard is applicable for annual periods beginning on or after 1 January 2015 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 10 Consolidated financial statements*: This standard establishes the principles for the presentation and preparation 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 2014 and has been endorsed by the EU. The adoption of this new standard is not considered likely to have a material impact on the financial position or financial performance of the Group.
- *IFRS 13 Fair value measurement:* This standard 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 been endorsed by the EU. Any potential impact of this new standard will be limited to disclosure, and it 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 August 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 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).

		Year ended 31 July 2013		**16 Months ended 31 July 2012**
	Revenue	**Operating Profit/(Loss)**	**Revenue**	**Operating Profit/(Loss)**
	£	**£**	**£**	**£**
Vocational Training	**2,682,393**	**(119,167)**	**4,693,804**	**188,244**
Skills Training	**1,330,740**	**60,083**	**1,854,066**	**96,515**
Total for segments	**4,013,333**	**(59,084)**	**6,547,870**	**284,759**
Group items:				
Corporate and central costs		**(338,278)**		**(449,156)**
		(397,362)		**(164,397)**
Amortisation charge on acquired intangible assets		**(52,000)**		**(279,803)**
Impairment of goodwill		**-**		**(1,000,000)**
Total for Group	**4,013,333**	**(449,362)**	**6,547,870**	**(1,444,200)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

2 Segment information (continued)

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

	Year ended 31 July 2013	16 Months ended 31 July 2012
	£	£
Depreciation & amortisation software:		
Vocational Training	**53,392**	55,501
Skills Training	**27,464**	21,273
Total for segments	**80,856**	76,774
Group items:		
Corporate and central costs	**1,143**	1,936
Total for Group	**81,999**	78,710

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

Year ended 31 July 2013

	Reported Segmental Operating Profit/(Loss)	Amortisation on Acquired Intangible Assets	Impairment of Goodwill	Segmental Operating Profit/(Loss)
	£	£	£	£
Vocational Training	**(119,167)**	**(52,000)**	**-**	**(171,167)**
Skills Training	**60,083**	**-**	**-**	**60,083**
Total for segments	**(59,084)**	**(52,000)**	**-**	**(111,084)**
Group items:				
Corporate and central costs				**(338,278)**
Total for Group				**(449,362)**

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:				
Corporate and central costs				(449,156)
Total for Group				(1,444,200)

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 £3,944,000 (98%) of revenue spread across a number of 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 2013

3 Expenses by nature

		Year ended 31 July 2013	16 Months ended 31 July 2012
		£	**£**
Staff costs		**2,893,505**	4,532,500
Direct training costs:			
Licence & registration fees, sub-contractors & trainee allowances etc		**454,965**	797,163
Staff travel & subsistence		**124,067**	160,381
Depreciation, amortisation & profit/loss on disposal			
Deprecation of property, plant and equipment	(note 9)	**75,841**	72,074
Depreciation leasehold improvements	(note 13)	**36,292**	55,378
Loss on disposal of property, plant and equipment		**-**	32,802
Amortisation of intangibles – software	(note 10)	**6,158**	6,636
Amortisation intangibles – customer contracts	(note 10)	**52,000**	279,803
Loss on disposal of intangibles - software		**-**	2,371
Property costs:			
Operating lease rentals – property		**154,663**	367,585
Rates, service charges, utilities, repairs etc		**209,603**	295,203
Other costs		**455,601**	390,174
Exceptional items:			
Impairment of goodwill	(note 6)	**-**	1,000,000
Total cost of sales and administrative expenses		**4,462,695**	7,992,070

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

Auditors' remuneration		
- Audit of financial statements (1)	**16,800**	26,790
Other fees paid to auditors and their associates		
- Statutory audit of subsidiaries (2)	**12,900**	24,180
- Other services	**3,720**	8,660

(1) Comparative includes under provision re 2011

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

4 Staff costs

	Year ended 31 July 2013	16 Months ended 31 July 2012
	£	**£**
Wages and salaries	**2,600,855**	4,119,198
Share based payment expense	**61,628**	63,792
	2,681,541	4,182,990
Defined pension contribution costs	**24,829**	36,577
Short-term non-monetary benefits	**2,948**	14,819
Social security costs	**203,248**	298,114
	2,893,505	4,532,500

A subsidiary company operates a defined contribution pension scheme for certain employees to which the subsidiary company contributes if the employee contributes.

The group contributes to a personal pension scheme on behalf of one director of the holding company and one director of a subsidiary company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

4 Staff costs (continued)

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

	Year ended 31 July 2013	16 Months ended 31 July 2012
	Number	Number
Tutors, assessors and administrators	**110**	143
Other	**9**	26
Management	**8**	8
	127	177

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

	Number	Number
Tutors, assessors and administrators	**96**	118
Other	**-**	24
Management	**8**	8
	104	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 year/period were:

	Year ended 31 July 2013					
	Salary	Pension Con-tributions	Benefits	Share Based Payment Expense (note 17)	Total	16 Months Ended 31 July 2012 Total
	£	£	£	£	£	£
Executive Directors						
Lynn Chandler	**25,000**	**-**	**-**	**2,575**	**27,575**	33,208
Si Hussain	**69,374**	**12,000**	**2,948**	**56,328**	**140,650**	166,814
	94,374	**12,000**	**2,948**	**58,903**	**168,225**	200,022
Non-Executive Directors						
Compton Hellyer	**12,000**	**-**	**-**	**-**	**12,000**	16,000
Charles Prior	**18,000**	**-**	**-**	**-**	**18,000**	24,000
	124,374	**12,000**	**2,948**	**58,903**	**198,225**	240,022
Total 2012	174,975	-	3,655	61,392	240,022	

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 2013

6 Impairment of goodwill

	Year ended 31 July 2013	16 Months ended 31 July 2012
	£	£
Recognised in arriving at Group operating loss from continuing operations:		
Impairment of goodwill	-	1,000,000

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 against the carrying value of goodwill for Vocational Training was appropriate as the sector has faced and continues to face challenging conditions. 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" agenda.

7 Income tax expense

(a) Tax on loss for the year/period

Tax charged/(credited) in the income statement	Year ended 31 July 2013	16 Months ended 31 July 2012
	£	£
Current tax:		
UK corporation tax on loss for the year/period	-	53,652
Adjustment for (over)/under provision in prior periods	**(2,215)**	1,023
Total current tax	**(2,215)**	54,675
Deferred tax (Note 15)		
Origination and reversal of temporary differences	**(8,444)**	(125,044)
Deferred tax income resulting from reduction in tax rate	**(2,477)**	(8,467)
Total deferred tax	**(10,921)**	(133,511)
Tax credit in the income statement	**(13,136)**	(78,836)

(b) Reconciliation of the total tax credit

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

	Year ended 31 July 2013	16 Months ended 31 July 2012
	£	£
Accounting loss before tax	**(428,023)**	(1,415,570)
Expected tax charge based on the standard rate of		
corporation tax in the UK for the year/period of 23.67% (2012 – 25.5%)	**(101,313)**	(360,971)
Effects of:		
Marginal relief	-	(458)
Share based payments relief	-	3,033
Non-deductible expenses for tax purposes		
Impairment of goodwill	-	255,000
Other non- deductible expenses	**7,240**	21,888
Share based payments	**14,587**	16,267
Tax losses for which no deferred tax asset is recognised	**59,575**	8,288
Other items	**11,467**	(14,439)
Adjustment for (over)/under provision for current tax in previous periods	**(2,215)**	1,023
Reduction in opening deferred taxes resulting from reduction in tax rate	**(2,477)**	(8,467)
Total tax (credit) for the year/period	**(13,136)**	(78,836)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

8 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.

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.

The Group reported a loss after tax both before and after adjusting for the amortisation of intangible assets acquired on acquisition of subsidiaries and impairment of goodwill in the year to 31 July 2013 and in the period to 31 July 2012. Options granted under Employee Share Schemes were anti-dilutive and basic and adjusted diluted earnings per share are the same as basic and adjusted earnings per share.

	Year ended 31 July 2013	16 Months ended 31 July 2012
Earnings	**£**	**£**
Earnings attributable to ordinary shareholders	**(414,887)**	(1,336,734)
Amortisation of acquired intangible assets	**52,000**	279,803
Taxation impact amortisation of acquired intangible assets	**(13,804)**	(78,469)
Impairment of goodwill	-	1,000,000
Adjusted loss on ordinary activities after tax	**(376,691)**	(135,400)

Number of shares	**Number**	**Number**
Weighted average number of shares for basic and diluted earnings per share	**35,786,204**	35,781,081

	Year ended 31 July 2013	16 Months ended 31 July 2012
	Pence	**Pence**
Earnings per share		
Basic earnings per share	**(1.16)**	(3.74)
Diluted earnings per share	**(1.16)**	(3.74)
Adjusted earnings per share		
Adjusted basic earnings per share	**(1.05)**	(0.38)
Adjusted diluted earnings per share	**(1.05)**	(0.38)

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

Earnings per share	**Pence**	**Pence**
Basic earnings per share	**(1.16)**	(3.74)
Amortisation of acquired intangible assets	**0.15**	0.78
Taxation impact amortisation of acquired intangible assets	**(0.04)**	(0.22)
Impairment of goodwill	-	2.80
Adjusted basic earnings per share (pence)	**(1.05)**	(0.38)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

9 Property, plant and equipment

	Leasehold Improvements	Fixtures	Equipment	Total
	£	£	£	£
Cost				
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**
Additions	**92,665**	**9,606**	**47,596**	**149,867**
Disposals	**(13,584)**	**-**	**-**	**(13,584)**
At 31 July 2013	**146,546**	**99,863**	**193,659**	**440,068**
Accumulated depreciation				
At 31 March 2011	6,679	28,644	54,849	90,172
Charge for the period	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**
Charge for the year	**29,348**	**14,695**	**31,798**	**75,841**
Adjustment for disposals	**(13,584)**	**-**	**-**	**(13,584)**
At 31 July 2013	**31,173**	**58,102**	**97,799**	**187,074**
Net book value				
At 31 July 2013	**115,373**	**41,761**	**95,860**	**252,994**
At 31 July 2012	**52,056**	**46,850**	**80,062**	**178,968**
At 31 March 2011	21,084	57,242	97,728	176,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

10 Intangible assets

	Goodwill	Customer Contracts	Software	Total
	£	£	£	£
Cost				
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**
Additions	**-**	**-**	**2,287**	**2,287**
At 31 July 2013	**4,427,948**	**850,000**	**34,672**	**5,312,620**
Amortisation and impairment				
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**
Amortisation charge for the year	**-**	**52,000**	**6,158**	**58,158**
At 31 July 2013	**2,950,000**	**711,333**	**17,339**	**3,678,672**
Net book value				
At 31 July 2013	**1,477,948**	**138,667**	**17,333**	**1,633,948**
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

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

	31 July 2013	31 July 2012
	£	£
Vocational Training	**664,970**	664,970
Skills Training	**812,978**	812,978
	1,477,948	1,477,948

Impairment of goodwill and intangible assets

The total amount of goodwill acquired through business combinations and recognised at 31 July 2013 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 next three 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 (17.2%) 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.

Following the annual impairment test as at 31 July 2013, no charge has been recognised in the income statement in respect of goodwill impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

10 Intangible assets (continued)

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 profits could fall by 35%; or the extrapolated growth rate of 1% could be negative 5%; or the pre-tax discount rate could increase to over 20% before the value in use would be close to the carrying value.

For Skills Training budget or base year profits could fall 15%; or the extrapolated growth rate of 1% could be nil; or the pre-tax discount rate could increase to 18.2% before the value in use would be close to the carrying value.

11 Trade and other receivables

	31 July 2013	31 July 2012
	£	£
Current		
Trade receivables	**395,674**	569,007
Corporation tax	-	8,000
Other taxes	-	5,544
Other receivables	**10,170**	14,446
Prepayments and accrued income	**138,545**	150,437
	544,389	747,434

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.

12 Trade and other payables

	31 July 2013	31 July 2012
	£	£
Current		
Trade payables	**286,256**	222,732
Other taxes and social security taxes	**63,318**	66,953
Other payables	**192,078**	114,929
Accruals	**107,405**	309,717
	649,057	714,331

Trade payables are non-interest bearing and normally settled on 30 - 45 day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

13 Provisions

	Leasehold Dilapidations	
	31 July 2013	**31 July 2012**
	£	**£**
At 1 August 2012	105,367	211,112
Acquired on business combinations	-	5,240
Arising in year	36,292	55,378
Utilised in year	(85,218)	(30,853)
Released in year	(35,081)	(135,510)
As at 31 July 2013	**21,360**	105,367
Shown as:		
Current	-	94,817
Non-current	**21,360**	10,550
	21,360	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.

14 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.

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 2013 trade receivables of £10,250 (2012 - £9,088) were past due date but not impaired. These debts relate to customers with no default history. Payment of these debts, bar £8,841, 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 2013. 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 and has been renewed until 31 January 2014.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

14 Financial instruments (continued)

Analysis of financial assets and liabilities

The Group's financial instruments are categorised as follows:

Financial assets

	Loans and Receivables	
	31 July 2013	**31 July 2012**
	£	**£**
Trade receivables	**395,674**	569,007
Cash and cash equivalents	**2,590,485**	2,927,056
	2,986,159	3,496,063

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 2013	**31 July 2012**
	£	**£**
Non-interest bearing		
Trade payables	**286,256**	222,736
Accruals and other payables	**299,483**	403,390
	585,739	626,126

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.

15 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates of 21% to 22.3% (2012 – 23% to 24.6%) 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**	**Tax Losses**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
At 1 March 2011	54,772	(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**
Recognised in comprehensive income						
Tax charge/(credit) in income statement	**(13,804)**	**-**	**5,442**	**33,561**	**(36,120)**	**(10,921)**
At 31 July 2013	**30,049**	**-**	**26,504**	**(8,305)**	**(36,120)**	**12,128**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

15 Deferred tax (continued)

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

	31 July 2013	31 July 2012
	£	£
Deferred tax liabilities	**30,049**	43,853
Deferred tax assets	**(17,921)**	(20,804)
	12,128	23,049

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 £59,000 (2012 - £15,800) in respect of losses amounting to £249,000 (2012 - £66,000) as the Group does not expect to be able to offset these losses, which have no set expiry date, against future taxable income.

16 Share capital

At the Annual General Meeting held on 11 December 2012 shareholders in the Company approved the sub-division of the Company's shares such that each issued Ordinary share of 10p nominal value was sub-divided into one Ordinary share of 1p and one Deferred share of 9p and each authorised but unissued existing Ordinary share was sub-divided into ten Ordinary shares of 1p each.

The Ordinary shares of 1p carry the same rights in all respects as the 10p Ordinary shares, including voting rights and right to participate in dividends of the Company.

The Deferred shares did not carry any rights to vote or dividend rights and they were only entitled to a payment on a return of capital on a winding up of the Company or otherwise after each 1p Ordinary Share had received the amount paid up on such shares and a payment of £10,000,000. The Deferred shares were not listed or traded on the ISDX Growth Market and were not transferable without the written consent of the Company.

On 13 February 2013 Court approval required to give effect to the reduction of capital was received and the Deferred shares were cancelled.

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

	Ordinary Shares		Deferred Shares	
	Number	£	Number	£
Authorised				
Ordinary & Deferred shares				
At 31 July 2012	**100,000,000**	**10,000,000**		
Increase authorised share capital 11 December 2012 on sub-division of each issued Ordinary share of 10p into 1 Ordinary share of 1p each and 1 Deferred share of 9p each; and sub-division each authorised but unissued Ordinary Share of 10p into 1 Ordinary share of 1p each	**577,924,164**	**(3,220,758)**	**35,786,204**	**3,220,758**
At 31 July 2013	**677,924,164**	**6,779,242**	**35,786,204**	**3,220,758**

	Ordinary Shares		Deferred Shares	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary & Deferred shares				
At 31 July 2012	**35,786,204**	**3,578,620**		
Sub-division 11 December 2012 of each Ordinary share of 10p into 1 Ordinary share of 1p each and 1 Deferred share of 9p each	**-**	**(3,220,758)**	**35,786,204**	**3,220,758**
Ordinary shares 1p and Deferred shares 9p	**35,786,204**	**357,862**	**35,786,204**	**3,220,758**
Cancellation 13 February 2013 Deferred shares of 9p			**(35,786,204)**	**(3,220,758)**
At 31 July 2013	**35,786,204**	**357,862**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

17 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 year. Share options granted in the year have both a market condition (based upon the Company's share price) and a non-market condition (based on a non-financial target for the Group) attached.

		Year ended 31 July 2013 Weighted Average Exercise		16 months ended 31 July 2012 Weighted Average Exercise
	Number	**Price**	**Number**	**Price**
Outstanding as at 1 August	**3,195,000**	**16.0p**	2,000,000	15.0p
Granted	**2,485,000**	6.0p	1,195,000	17.7p
Lapsed	**(70,000)**	6.0p	-	-
Outstanding as at 31 July	**5,610,000**	**11.6p**	3,195,000	16.0p
Exercisable as at 31 July	**-**		-	

Range of exercise prices for options outstanding at 31 July	**6p – 18p**	15p – 18p
Weighted average remaining contractual life	**8.3 years**	8.5 years
Weighted average fair value of option awarded in year/period	**2.1p**	6.1p

No options 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 year/period.

		Year ended 31 July 2013	16 Months ended 31 July 2012
Equity-Settled			
Fair value share price at date of grant	Pence	**6**	15 – 18
Exercise price	Pence	**6**	15 – 18
Contractual life	Years	**10**	10
Expected volatility	%	**50%**	50%
Expected life	Years	**3**	3 – 4
Expected dividends	Pence	**Nil**	Nil
Expected dividend growth rate	%	**0%**	0%
Risk free interest rate	%	**0.7%**	0.9% – 1.0%

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:

	Year ended 31 July 2013	16 Months ended 31 July 2012
	£	**£**
Equity-settled share based payment schemes	**61,628**	63,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JULY 2013

18 Related party transactions

The Company paid £5,000 (16 months 31 July 2012 - £15,000) 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. These services were provided on an arm's length basis.

19 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 2013	31 July 2012
	£	£
Not later than one year	**22,250**	21,417
After one year and not more than five years	**379,937**	339,327
	402,187	360,744

20 Capital commitments

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

	31 July 2013	31 July 2012
	£	£
Authorised and contracted	**6,900**	-
Authorised but not contracted	**16,800**	40,000
	23,700	40,000

21 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 the Companies Acts:

- 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 2013

COMPANY NUMBER : 06434555

	Note	31 July 2013	31 July 2012
		£	**£**
Fixed assets			
Tangible fixed assets	3	**1,183**	2,706
Investments	4	**1,971,806**	2,053,209
		1,972,989	2,055,915
Current assets			
Debtors: amounts falling due within one year	5	**173,505**	234,675
Cash at bank and in hand		**2,361,841**	2,548,142
		2,535,346	2,782,817
Creditors: amounts falling due within one year	6	**(181,144)**	(158,601)
Net current assets		**2,354,202**	2,624,216
		4,327,191	5,680,131
Capital and reserves			
Issued share capital	7,8	**357,862**	3,578,620
Share premium account	8	**-**	2,997,637
Retained earnings	8	**3,969,329**	(1,896,126)
Equity Shareholders' Funds		**4,327,191**	4,680,131

The financial statements were approved and authorised for issue by the Board of Directors on 19 November 2013 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 2013

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 Loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The Group loss for the year includes a loss after tax of £414,568 (16 months July 2012 – £1,321,635) which is dealt with in the financial statements of the Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2013

3 Tangible fixed assets

	Equipment
	£
Cost	
At 1 August 2012 and 31 July 2013	**6,088**
Accumulated depreciation	
At 1 August 2012	3,382
Charge for the year	1,523
At 31 July 2013	**4,905**
Net book value	
At 31 July 2013	**1,183**
At 31 July 2012	2,706

4 Investments

	Investment in Subsidiary Undertakings
	£
Cost	
At 1 August 2012 and 31 July 2013	**4,648,209**
Provision	
At 1 August 2012	**2,595,000**
Charge for the year	**81,403**
At 31 July 2013	**2,676,403**
Net book value	
At 31 July 2013	**1,971,806**
At 31 July 2012	2,053,209

Subsidiary undertakings

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

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Trading subsidiary undertakings trading at year end			
Woodspeen Training Limited	UK	100%	Vocational & Skills Training
Subsidiary companies that become dormant during year			
Woodspeen Recruitment & Employment Services Limited	UK	100%	Vocational Services
Woodspeen Recruitment & Employment Services ATA Limited	UK	100%	Vocational Services
Dormant subsidiary undertakings			
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	UK	100%	Dormant
The Apprenticeship College Limited	UK	100%	Dormant

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2013

5 Debtors

Debtors: amounts falling due within one year

	31 July 2013	31 July 2012
	£	£
Corporation tax	-	58,490
Other taxes and social security costs	-	5,544
Subsidiary undertakings	158,613	153,441
Other receivables	2,100	4,506
Prepayments and accrued income	12,792	12,694
	173,505	234,675

6 Creditors: amounts falling due within one year

	31 July 2013	31 July 2012
	£	£
Taxation and social security costs	3,549	-
Subsidiary undertakings	141,482	143,111
Accruals	36,113	15,490
	181,144	158,601

7 Share capital

At the Annual General Meeting held on 11 December 2012 shareholders in the Company approved the sub-division of the Company's shares such that each issued Ordinary share of 10p nominal value was sub-divided into one Ordinary share of 1p and one Deferred share of 9p and each authorised but unissued existing Ordinary share was sub-divided into ten Ordinary shares of 1p each.

The Ordinary shares of 1p carry the same rights in all respects as the 10p Ordinary shares, including voting rights and right to participate in dividends of the Company.

The Deferred shares did not carry any rights to vote or dividend rights and they were only entitled to a payment on a return of capital on a winding up of the Company or otherwise after each 1p Ordinary Share had received the amount paid up on such shares and a payment of £10,000,000. The Deferred shares were not listed or traded on the ISDX Growth Market and were not transferable without the written consent of the Company.

On 13 February 2013 Court approval required to give effect to the reduction of capital was received and the Deferred shares were cancelled.

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

	Ordinary Shares		Deferred Shares	
	Number	£	Number	£
Authorised				
Ordinary & Deferred shares				
At 31 July 2012	100,000,000	10,000,000		
Increase authorised share capital 11 December 2012 on sub-division of each issued Ordinary share of 10p into 1 Ordinary share of 1p each and 1 Deferred share of 9p each; and sub-division each authorised but unissued Ordinary Share of 10p into 1 Ordinary share of 1p each	577,924,164	(3,220,758)	35,786,204	3,220,758
At 31 July 2013	677,924,164	6,779,242	35,786,204	3,220,758

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AS AT 31 JULY 2013

7 Share capital (continued)

	Ordinary Shares		Deferred Shares	
	Number	**£**	**Number**	**£**
Allotted, called up and fully paid				
Ordinary & Deferred shares				
At 31 July 2012	**35,786,204**	**3,578,620**		
Sub-division 11 December 2012 of each Ordinary share 10p into 1 Ordinary share of 1p each and 1 Deferred share of 9p each	**-**	**(3,220,758)**	**35,786,204**	**3,220,758**
Ordinary shares 1p & Deferred shares 9p	**35,786,204**	**357,862**	**35,786,204**	**3,220,758**
Cancellation 13 February 2013 Deferred shares of 9p			**(35,786,204)**	**(3,220,758)**
At 31 July 2013	**35,786,204**	**357,862**	**-**	**-**

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 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
As at 31 July 2012	**3,578,620**	**2,997,637**	**(1,896,126)**	**4,680,131**
Retained loss	**-**	**-**	**(414,568)**	**(414,568)**
Share based payment	**-**	**-**	**61,628**	**61,628**
Reduction of capital and cancellation of share premium account	**(3,220,758)**	**(2,997,637)**	**6,218,395**	**-**
At 31 July 2013	**357,862**	**-**	**3,969,329**	**4,327,191**

9 Related party transactions

The Company paid £5,000 (16 months 31 July 2012 - £15,000) 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	Chief Executive

Secretary
Lynn Chandler ACA

Company number
06434555

Registered office
32 Wingate Road
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London
W6 0UR

Country of incorporation
Great Britain

Legal form
Public company limited by shares

Professional Advisers

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Gatwick
West Sussex
RH6 0PA

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London
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ISDX Corporate Advisor
Peterhouse Corporate Finance Limited
31 Lombard Street
London
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