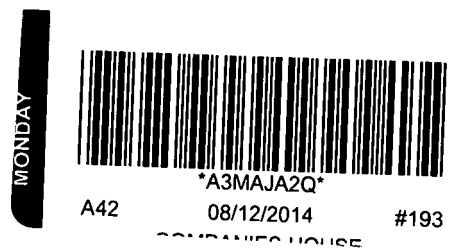


HIT Training Limited

FINANCIAL STATEMENTS

for the year ended

31 July 2014



HIT Training Limited

COMPANY INFORMATION

DIRECTORS

J Hyde
J Whittaker
S Goldie
L Martin
M Worley

REGISTERED OFFICE

24 Cecil Pashley Way
Shoreham Airport
Shoreham by Sea
West Sussex
BN43 5FF

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

LAWYERS

Paul Davidson Taylor
Chancery Court
Queens Street
Horsham
West Sussex
RH13 5AD

BANKERS

Clydesdale Bank Plc
5 Peveril Court
6-8 London Road
Crawley
RH10 8JE

HIT Training Limited

STRATEGIC REPORT

BUSINESS REVIEW

The Company saw significant growth in turnover in 2014. Our hospitality and catering business has continued to expand, and our adult care and pre-employment businesses have grown significantly. During 2014 HIT Training Ltd delivered over 50% of all hospitality & catering apprenticeships in England.

During the financial year under review, Traineeships were launched. Traineeships are programmes of study and work experience for 16-23 year olds designed to meet the needs of those young people who are work focused but not yet ready to join the workforce. The Company has wholeheartedly embraced Traineeships and we are proud to be one of only a few training organisations using this initiative to help young people make the first steps towards a productive working life. Traineeships will expand significantly across England in the coming year.

The year saw fundamental changes to English and maths qualifications, with key skills qualifications being replaced by functional skills tests. The new testing regime is now fully integrated into our delivery. In addition, during the year the payment method for apprenticeships funded by Government changed. During the year, the Government withdrew funding for the over 23s at level 3 and higher, but this was reinstated for apprenticeships in March of 2014. These three significant changes have had the effect of shifting a significant proportion of profit to the latter part of the year, and into the next contract year.

The Board of Directors is pleased to report that the company was equal to the challenges it encountered during the year ended 31 July 2014, increasing turnover and delivering a small profit, whilst investing in new programmes for the future, during that period.

KEY PERFORMANCE INDICATORS

The company operates a Balanced Business Scorecard performance management process. Scorecards are examined at various levels within the business (tutor, operating team, operating region, overall business). The scorecard includes a balanced profile of measures covering learner centric measures, core strength, people centric measures and profitability & efficiency. The measures are graded 1 to 4 in line with Ofsted grades, where grade 1 is outstanding, grade 2 is good, grade 3 requires improvement, and grade 4 is inadequate. The company is an overall grade 2, with many examples of outstanding performance. The Balanced Business Scorecard is used as a continuous improvement system with all training staff and all teams being measured at least quarterly.

PRINCIPAL RISKS AND UNCERTAINTIES

The country's economic situation continues to improve and new roles for apprentices are increasing, in particular at intermediate and higher levels. Traineeships provide an excellent opportunity for employers to try out young staff before committing to a full apprenticeship, thus giving both the young person and the employer the greatest chance of success. We will continue to work with local authorities, LEPs, city hubs, NAS and other organisations to ensure that local needs for training and development are met as, when and where they are needed. There will be a new government in 2015. Having studied the plans of all political parties for apprenticeships and the wider skills agenda we are satisfied that, whilst there may be some changes in methodology, all parties have committed to expanding skills provision.

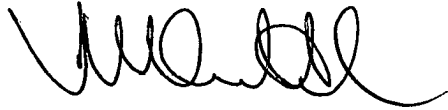
The government has embarked upon a programme of apprenticeship reform which puts the employer in the position of being able to define the contents of apprenticeships and looks to simplify the apprenticeship standards. The Board of Directors applauds any efforts to improve the apprenticeship programmes and systems, and is supporting the design of the new methods. The reforms have yet to be implemented for the sectors in which the company operates. There is a significant risk that employers will not engage with the reforms. We are attempting to manage this risk by ensuring that employers are kept informed of the changes, and to work with employers to ensure that any burden placed on them by the reforms is minimised.

HIT Training Limited

STRATEGIC REPORT

The Board of Directors has taken these risks and uncertainties into account when planning for the future, and is satisfied that all possible steps are being taken to minimise business risk.

On behalf of the Board



J Whittaker
Managing Director

Date: 1/12/14

HIT Training Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of HIT Training Limited for the year ended 31 July 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of work-based learning to the hospitality and catering, adult care and employability sectors. The guiding principle of the Company has always been, and will continue to be, that the learner is at the centre of everything we do.

HIT Training Limited ("HIT") was formed in 2006 to meet the training needs of the hospitality and catering sector following the publication of the government white paper entitled "Further Education: Raising Skills, Improving Life Chances". This paper called for lifelong learning to recognise the skills of not only those traditionally involved with learning programmes, that is young people, but to include the aim of a better skilled workforce from school leaver to retirement. The Board of Directors is delighted that the current Coalition Government has seen the benefits of work based learning and has not only continued the investment of the previous government but has increased it significantly.

CHARITABLE DONATIONS

During the year the company donated £1,206 to charities with direct relevance to its business or staff (2013 £600). In addition, the company support various charities by providing resources on a voluntary basis. During 2014 the company was the largest supporter of Inspiring the Future, a charity focused on improving young people's understanding of the world of work.

RESULTS AND DIVIDENDS

During the year the company made a profit after tax of £670,000.

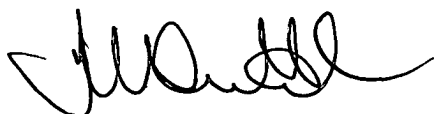
The directors have not paid a dividend in the year but have declared a dividend of £0.25 per share post year end, a total dividend of £300,000.

THE DIRECTORS

The directors who served the company during the year were:

J Hyde
J Whittaker
S Goldie
L Martin
M Worley (appointed 8 August 2014)

On behalf of the Board



J Whittaker
Director

Date: 1/12/14..

HIT Training Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 period. Under that law the directors have elected to prepare the 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 company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIT TRAINING LIMITED

We have audited the financial statements on pages 7 to 16. The financial reporting framework that has been applied in their preparation 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

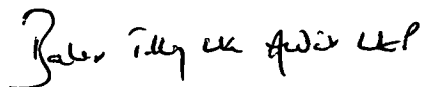
Opinion on other matter prescribed by the Companies Act 2006

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



Jonathan Ericson (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 3/12/14

HIT Training Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 July 2014

	<i>Notes</i>	2014 £000	2013 £000
TURNOVER		27,197	24,088
Cost of sales		23,637	20,205
Gross profit		3,560	3,883
Administrative expenses		2,720	2,220
OPERATING PROFIT	1	840	1,663
Interest receivable		25	25
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		865	1,688
Taxation	4	(195)	385
PROFIT FOR THE FINANCIAL YEAR		670	1,303

The operating profit for the year arises from the company's continuing operations.

There were no other recognised gains or losses other than the profit for the financial year.

HIT Training Limited

BALANCE SHEET

31 July 2014

	Notes	2014 £000	2013 £000
FIXED ASSETS			
Tangible assets	6	290	226
Investments	7	176	176
		<u>466</u>	<u>402</u>
CURRENT ASSETS			
Stocks		150	182
Debtors	8	3,669	1,375
Cash at bank		3,089	4,501
		<u>6,908</u>	<u>6,058</u>
CREDITORS			
Amounts falling due within one year	9	(2,171)	(1,945)
NET CURRENT ASSETS		<u>4,737</u>	<u>4,113</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,203</u>	<u>4,515</u>
PROVISIONS FOR LIABILITIES			
Provisions for liabilities	10	(251)	(233)
		<u>4,952</u>	<u>4,282</u>
CAPITAL AND RESERVES			
Called up equity share capital	13	1,200	1,200
Share premium account	14	1	1
Profit and loss account	15	3,751	3,081
EQUITY SHAREHOLDERS' FUNDS	16	<u>4,952</u>	<u>4,282</u>

The financial statements on pages 7 to 16 were approved by the board of directors and authorised for issue on

1/12/14 and are signed on their behalf by:



J Whittaker
Director

HIT Training Limited

CASH FLOW STATEMENT

31 July 2014

	<i>Notes</i>	2014 £000	2013 £000
Net cash flow from operating activities	17.a	(715)	2,628
Returns on investments and servicing of finance	17.b	25	25
Taxation	17.b	(410)	(368)
Capital expenditure and financial investment	17.b	(312)	(247)
(DECREASE) / INCREASE IN CASH IN THE YEAR		<u>(1,412)</u>	<u>2,038</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2014 £000	2013 £000
(Decrease) / Increase in cash in the year		(1,412)	2,038
Change in net funds	17.c	<u>(1,412)</u>	<u>2,038</u>
Net funds at 1 August	17.c	4,501	2,463
Net funds at 31 July	17.c	<u>3,089</u>	<u>4,501</u>

HIT Training Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER

Turnover relating to contracts is recognised only when it is capable of being claimed from the client. Other turnover represents amounts invoiced during the year, exclusive of Value Added Tax based on stage of delivery.

FIXED ASSETS AND DEPRECIATION

All fixed assets are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	- straight line over three years
Computer equipment	- straight line over two years

STOCK

Stocks of training materials are valued at the lower of cost and net realisable value.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GROUP ACCOUNTING

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that all the company's subsidiaries should be excluded from consolidation because they are immaterial for the purpose of providing a true and fair view.

INVESTMENTS

Fixed asset investments are held at cost less provision for impairment.

HIT Training Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2014

1 OPERATING PROFIT

Operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of owned fixed assets	248	164
Impairment of investment	-	75
Pension contributions	251	227
Auditor's remuneration	21	15
Operating lease costs:		
- Land and buildings	219	140
- Plant and equipment	<u>1,158</u>	<u>870</u>

2 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year was:

	2014 Number	2013 Number
Directors	5	4
Other staff	<u>557</u>	<u>424</u>
	<u>562</u>	<u>428</u>

The aggregate payroll costs of the above were:

	2014 £000	2013 £000
Wages and salaries	12,982	9,835
Social security costs	1,292	992
Other pension costs	<u>251</u>	<u>227</u>
	<u>14,525</u>	<u>11,054</u>

3 DIRECTORS' REMUNERATION

The directors' aggregate emoluments in respect of qualifying services were:

	2014 £000	2013 £000
Emoluments receivable	593	478
Value of company pension contributions to money purchase schemes	<u>25</u>	<u>35</u>
	<u>618</u>	<u>513</u>

Emoluments excluding pension scheme contributions for the highest paid director amounted to £150,324 (2013: £140,717). Company contributions to the pension scheme for the highest paid director amount to £8,400 (2013: £Nil).

There were 4 directors (2013: 3) accruing benefits under company pension schemes.

HIT Training Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2014

4 TAXATION

(a) Analysis of charge in the period	2014 £000	2013 £000
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 22.33% (2013: 23.67%)	177	410
Total current tax	<u>177</u>	<u>410</u>
Deferred tax:		
Origination and reversal of timing differences:		
Fixed asset timing difference	20	8
Short term timing differences	(2)	(33)
Tax on profit on ordinary activities	<u>195</u>	<u>385</u>

(b) Tax on profit on ordinary activities

The tax assessed on the profit on ordinary activities for the period is lower than the effective standard rate of corporation tax in the UK of 22.33% (2013: 23.67%).

	2014 £000	2013 £000
Profit on ordinary activities before taxation	<u>865</u>	<u>1,688</u>
Profit on ordinary activities by rate of tax	193	400
Expenses not deductible for tax purposes	7	21
Marginal relief	(4)	-
Other short term timing differences	2	(2)
Capital allowances (in excess) of depreciation	(21)	(9)
Total current tax	<u>177</u>	<u>410</u>

(c) Factors that may affect future tax charges

During the year, the UK main corporation tax rate was 23%, which was substantively enacted on 3 July 2012, effective from 1 April 2013. Further reductions from 23% to 21% from 1 April 2014 and 20% from 1 April 2015 were announced in the March 2013 Budget. The changes have been substantively enacted at the balance sheet date and therefore are recognised in these financial statements in the measurement of the deferred tax liability.

5 DIVIDENDS

	2014 £000	2013 £000
Ordinary dividend	<u>nil</u>	<u>nil</u>

No dividend has been declared for the year ending 31 July 2014 (2013: nil). A dividend of £0.25 (2013:£nil) per share (total £300,000) was declared on 5 September 2014.

HIT Training Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2014

6 TANGIBLE FIXED ASSETS

	Equipment £000	Total £000
Cost		
At 1 August 2013	649	649
Additions	312	312
Disposals	(220)	(220)
At 31 July 2014	<u>741</u>	<u>741</u>
Depreciation		
At 1 August 2013	423	423
Charge for the year	248	248
Disposals	(220)	(220)
At 31 July 2014	<u>451</u>	<u>451</u>
Net book value		
At 31 July 2013	<u>226</u>	<u>226</u>
At 31 July 2014	<u>290</u>	<u>290</u>

7 INVESTMENTS

	Subsidiary undertakings £000's	Other investments £000's	Total £000's
Cost			
At 1 August 2013 and 31 July 2014	<u>1</u>	<u>250</u>	<u>251</u>
Impairment			
At 31 July 2013 and 31 July 2014	<u>-</u>	<u>(75)</u>	<u>(75)</u>
Net book value			
At 31 July 2014	<u>1</u>	<u>175</u>	<u>176</u>
At 31 July 2013	<u>1</u>	<u>175</u>	<u>176</u>

On the 13 November 2008, HIT Training Ltd purchased at par the entire allotted share capital of £1 of Connect 2 Care Ltd, a dormant company incorporated in England & Wales. The company's registered office is 24 Cecil Pashley Way, Shoreham Airport, Shoreham by Sea, West Sussex, BN43 5FF. During the year ended 31 July 2014 HIT Training Ltd purchased at par the entire allotted share capital (100 shares of £1 each) of each of the following companies, which are wholly owned, dormant and incorporated in England & Wales: Adult Care Assessment Ltd, Child Care Assessment Ltd, The Assessment Professionals Ltd, The Hospitality Assessment Company Ltd and Professional Assessment Ltd.

On 30 June 2011, the company invested £250,000 in Big Screen Productions 18 LLP, which constitutes a capital investment of 0.82% of the total partnership capital of that entity. The partnership is registered in England & Wales, at the registered office of 15 Golden Square, London, W1F 9JG. The principal activity of the partnership is the production of films.

The first of the three films contracted under this partnership was released at the beginning of April 2013. The box office performance of this film was below projections and so the directors considered it prudent to reduce the carrying value of this investment by £75,000 to £175,000 in the year ended 31 July 2013. The box office performance of the second film, which was released in December 2013, was in line with projections and a third film is due for release in 2015. The directors do not consider that any further provision against this investment is required as at 31 July 2014.

HIT Training Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2014

8 DEBTORS

	2014	2013
	£000	£000
Trade debtors	3,127	974
Prepayments and accrued income	399	279
Other debtors	143	122
	<u>3,669</u>	<u>1,375</u>

9 CREDITORS: Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	1,074	598
Corporation tax	177	410
Other tax and social security	425	349
Other creditors	180	16
Accruals and deferred income	315	572
	<u>2,171</u>	<u>1,945</u>

Included within the above are £43,177 (2013: £24,140) of outstanding pension contributions.

10 DEFERRED TAXATION

The movement in the deferred taxation provision during the period was:	2014	2013
	£000	£000
Balance brought forward	(233)	(258)
Profit and loss account movement arising during the period	(18)	25
Balance carried forward	<u>(251)</u>	<u>(233)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2014	2013
	£000	£000
Fixed asset timing differences	(24)	(4)
Short term timing differences	(227)	(229)
	<u>(251)</u>	<u>(233)</u>

HIT Training Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2014

11 COMMITMENTS UNDER OPERATING LEASES

At 31 July 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land & buildings	Other	Land & buildings	Other
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	44	274	21	101
Within 2 to 5 years	122	805	109	938
	<u>166</u>	<u>1,079</u>	<u>130</u>	<u>1,039</u>

12 RELATED PARTY TRANSACTIONS

S Segal, a director of the company until 10 May 2013, was also a director of Aegis Management Services Limited and TDLC Limited. During the period from 1 August 2012 to 10 May 2013 the company paid £15,840 to Aegis Management Services Limited and £65,981 to TDLC Limited for consultancy services provided.

13 SHARE CAPITAL

	2014	2013
	£000	£000
Allotted, called up and fully paid:		
1,200,000 Ordinary shares of £1 each	<u>1,200</u>	<u>1,200</u>

14 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

15 PROFIT AND LOSS ACCOUNT

	2014	2013
	£000	£000
At 1 August	3,081	1,778
Profit for the financial year	670	1,303
At 31 July	<u>3,751</u>	<u>3,081</u>

HIT Training Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2014

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Profit for the financial year	670	1,303
Opening shareholders' funds	4,282	2,979
Closing shareholders' funds	<u>4,952</u>	<u>4,282</u>

17 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2014 £000	2013 £000
Operating profit	840	1,663
Depreciation	248	164
Impairment of investment	-	75
Decrease in stocks	32	109
(Increase) / Decrease / in debtors	(2,294)	747
Increase / (Decrease) in creditors	459	(130)
Net cash in / (out) flow from operating activities	<u>(715)</u>	<u>2,628</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2014 £000	2013 £000
Interest received	25	25
Net cash outflow from returns on investments and servicing of finance	<u>25</u>	<u>25</u>

Taxation

	2014 £000	2013 £000
Taxation	<u>(410)</u>	<u>(368)</u>

Capital expenditure and financial investment

	2014 £000	2013 £000
Payments to acquire tangible fixed assets	<u>(312)</u>	<u>(247)</u>
Net cash outflow for capital expenditure and financial investment	<u>(312)</u>	<u>(247)</u>

c Analysis of net funds

	At 1 Aug 2013 £000	Cash flows £000	At 31 Jul 2014 £000
Cash in hand and at bank	4,501	(1,412)	3,089
Total	<u>4,501</u>	<u>(1,412)</u>	<u>3,089</u>