

City and Guilds Kineo Limited

Company registration number: 07150983

Directors' Report & Financial Statements
for the year ended
31 August 2019

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Strategic Report

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The directors submit their reports and audited financial statements of the company for the year ended 31 August 2019.

STRATEGIC REPORT

The City and Guilds Group is a leader in global skills development, working across the world to help people, businesses and economies grow by shaping skills systems and supporting skill development. City and Guilds Kineo Limited ("Kineo") forms part of the Corporate Learning cluster, a number of businesses operating globally with a shared focus on helping the world's leading businesses improve performance through learning and technology. The central brands within the cluster are "Kineo" and "The Oxford Group" both of which supply services to clients on a global basis.

The Corporate Learning cluster have worked in all business areas and solved learning challenges from the customer service front line to the senior leadership team, from the technical operations on an oil rig to the accounts department based in the City, and from the FMCG marketing team to the HR department. Clients are in many business sectors including financial services, retail, technology, health, energy, government, and telecoms.

The Kineo brand has deep expertise in services that combine learning and technology. We take our core skills and help clients resolve their learning and training requirements, through the use of:

- Digital learning
- Learning Portals
- Learning Management Systems and all associated aspects of Hosting and Support
- Off the shelf digital learning
- Consultancy
- Learning Programmes

Therefore the range of services we can offer to our clients can range from a simple single bite size learning course for an individual to a fully integrated learning experience with multiple components delivered in many languages on a world-wide basis.

To match the requirements of our clients, Kineo has offices in the UK, US, Australia New Zealand and South Africa using an appropriate local statutory entity. All these entities are wholly owned by City and Guilds of London Institute. The global corporate learning cluster has revenues in excess of £35m.

The performance of the company is measured in a number of ways including financial metrics that are included in these financial statements such as total turnover, changes in cost rates and the time taken by clients to pay invoices.

	Actual	Budget
Turnover growth	-6%	5%
Cost / growth	2%	3%
Receivables time	36 days	60 days

Internal financial metrics include client numbers, invoicing activity and project profitability. The company has implemented a project management system to enable both project managers and the client delivery team to track project input and assess performance against budgets and forecasts. Other non-financial metrics include measuring the size of the pipeline of potential future client engagements, the interaction of clients and potential clients with marketing activities, client feedback, net promoter scores and staff engagement. There is no one single performance measure that has absolute priority so the management monitor trends and exceptions to establish if business objectives are being achieved.

As a professional services organisation, the successful recruitment and retention of staff is a key risk. Kineo employs a large number of staff with deep knowledge, skills and experience. We are proud to train and promote staff from within, offering progression and job variety. We have a deliberately balanced approach to employee reward comprising a base salary, company contributions to pension scheme, healthcare provisions and well-being support. Where possible, the employee has the ability to flex elements of the reward package to suit their particular requirements and circumstances.

Operational risks revolve around the ability of the Company to meet the contractual expectations of its clients. Typically, Kineo will provide services to its clients on the basis of a defined project requirement with fixed budgets. Accordingly, the risk to the company is that client requirements are not suitably met. We seek to mitigate these risks by having detailed project tracking and resource systems, measure client satisfaction and have multiple contact points with client. Accordingly we seek to ensure that the right staff work on a client engagement and achieve a great result.

The Company has exposures to two main areas of financial risk – liquidity risk and customer credit exposure:

- Liquidity risk

The objective of City and Guilds Kineo Limited in managing liquidity risk is to ensure that it can meet its financial

Strategic Report (continued)

obligations as and when they fall due. It expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations it has credit facilities available. City and Guilds Kineo Limited is in a position to meet its commitments and obligations as they come due.

- Customer credit exposure

City and Guilds Kineo Limited may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. It is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

The uncertainty around Brexit has meant markets have continued to be challenging, though with primarily UK based customers the exposure and risk to City and Guilds Kineo Limited is managed within the staffing, operational and financial risk management of the company.

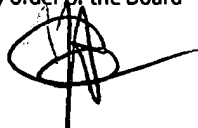
The value and volume of work undertaken by Kineo is important to the financial health of the company. We have a dedicated marketing team and use systems to track potential project opportunities and match these to our resource planning activities. Additionally, the company enters into supply agreements with clients whereby pricing will be agreed for a period of typically 2-3 years and the client agrees to ensure that the company is given the opportunity to supply additional projects.

We undertake a large number of projects each year. This means that Kineo has to continually innovate and understand its clients' needs. Whilst this is a risk, it is also a mechanism by which Kineo invests in its staff and client relationships to ensure that the portfolio of services and skills required to deliver them, remains relevant to the client.

We set annual financial budgets which are robustly reviewed and reported on monthly. During the financial year, budgets are re-assessed formally and corrective actions undertaken as necessary. The company continually evolves operational processes to enable better delivery to clients, as well as expanding the services provided to customers.

The directors are satisfied that the performance of the company is aligned with the strategic objectives of the parent undertaking and also the short term business objectives. Accordingly, the company is planning turnover growth and improved financial results with the explicit support of the City and Guilds Group.

By order of the Board



JT Conybeare-Cross
Director
16 December 2019

Sovereign House
Church Street
Brighton
East Sussex
BN1 1SS

Directors' Report

DIRECTORS' REPORT

Principal activities

City and Guilds Kineo Limited (Company number: 07150983) is a member of the City & Guilds Group. It carries out its activities for the benefit of its parent, the City and Guilds of London Institute, a charity, and other members of the Group.

The principal activity of the company remains the creation and delivery of learning to improve organisational performance.

Services include learning consultancy, the development of bespoke e-learning, the supply of generic e-learning as well as on-going hosting and support activities. To assist organisations in their training delivery, City and Guilds Kineo Limited are the leading UK re-seller for the 'Totara' learning management system.

Review of business and future developments

The UK based business continues to trade successfully and provides the core management and systems for the overseas operations. The directors will continue to grow the Company to further the charitable objects of its parent, the City and Guilds of London Institute.

Results

The profit for the period amounted to £868,000 (2018: £1,848,000). The directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the Company who were in office during the year and up to the date of the signing of the financial statements were:

J T Conybeare-Cross
C J Payne

The directors who held office at the end of the financial year have no beneficial interest in the shares of the Company (2018: £nil).

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 that 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.

Statement of disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Report (continued)

Independent auditors

BDO LLP was reappointed as the company's auditor for the year ended 31 August 2019, and has expressed willingness to continue in office. A resolution to re-appoint BDO will be proposed at the annual general meeting.

By order of the Board



J T Conybeare-Cross
Director
16 December 2019

Sovereign House
Church Street
Brighton
East Sussex
BN1 1SS

Independent Auditor's Report to the members of City and Guilds Kineo Limited

Opinion

We have audited the financial statements of City and Guilds Kineo Limited ("the Company") for the year ended 31 August 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

Independent Auditor's Report to the members of City and Guilds Kineo Limited (continued)

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We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



James Aston (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date: 20 December 2019

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

Statement of Comprehensive Income for the year ended 31 August 2019

	Note	Year ended 31 August 2019 £'000	Year ended 31 August 2018 £'000
Turnover	2	13,441	14,191
Cost of sales		(9,283)	(9,492)
Gross profit		4,158	4,699
Administrative expenses		(3,290)	(2,851)
Operating Profit	5	868	1,848
Profit on ordinary activities before taxation		868	1,848
Taxation on profit on ordinary activities	6	-	-
Profit after tax and total comprehensive income for the year		868	1,848

These results relate to continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

Statement of Financial Position as at 31 August 2019

	Note	31 August 2019 £'000	31 August 2018 £'000
Intangible fixed assets	7	-	-
Tangible fixed assets	8	106	25
Investments	9	322	322
Fixed Assets		428	347
Debtors	10	3,329	3,465
Cash at bank and in hand		3,231	1,453
Current assets		6,560	4,918
Creditors: amounts falling due within one year	11	(5,625)	(4,770)
Net current assets		935	148
Total assets less current liabilities		1,363	495
Provisions	12	(287)	(287)
Net assets		1,076	208
Capital & Reserves			
Called up share capital	13	-	-
Share premium		28	28
Profit and loss account		1,048	180
Total Shareholders funds		1,076	208

The notes on pages 10 to 16 form part of these financial statements.

The financial statements on pages 7 to 16 were approved and authorised for issue by the Board of Directors on 9 December 2019 and signed on its behalf by:



J T Conybeare-Cross
Director

Company registration no: 07150983

Statement of Changes in Equity for the year ended 31 August 2019

	Note	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 September 2017		-	28	(1,668)	(1,640)
Profit for the financial year	13	-	-	1,848	1,848
31 August 2018		-	28	180	208
		Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 September 2018		-	28	180	208
Profit for the financial year	13	-	-	868	868
Total contributions by and distributions to owners		-	-	-	-
31 August 2019		-	28	1,048	1,076

The notes on pages 10 to 16 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 August 2019

1. Accounting policies

City and Guilds Kineo Limited is a company domiciled in England and Wales, registration number 07150983. The registered office is Sovereign House, Church Street, Brighton, East Sussex, BN1 1SS.

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared on a going concern basis, and in accordance with the Companies Act 2006 and FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. There were no material departures from the standard.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

1.2 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by Section 400 of the Companies Act 2006 as it is a fellow subsidiary undertaking of The City and Guilds of London Institute, as referenced in note 14.

1.3 Disclosure exemptions

In preparation of the company accounts, advantage has been taken of the following disclosure exemptions available under FRS 102:

- No cash flow statement has been presented;
- Disclosures in respect of financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of an asset and any costs attributable to bringing it into use. The policy is to capitalise equipment greater than £1,000. Assets which are subject to a period of construction are depreciated when they are ready for operational use. The cost of fixed assets is depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Computer software and Hardware	33 ¹ / ₃ %
Fixtures and Fittings	25%

1.5 Intangible fixed assets

Goodwill, being the excess of the purchase price of acquisitions over the fair value of the net assets acquired, is capitalised in accordance with FRS102 Section 18 and amortised over its estimated useful economic life (currently 5 years).

When circumstances are identified which give rise to an impairment in the value of any asset, that impairment loss is recognised immediately.

1.6 Turnover

Turnover is based on the invoiced value of services provided, excluding value added tax and trade discounts. Turnover is recognised when the company has obtained the right to consideration in exchange for its performance under each contract.

Long term contracts are assessed on a contract by contract basis and reflected in the income statement by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is included as a creditor.

Notes to the Financial Statements for the year ended 31 August 2019

1. Accounting policies continued

1.7 Taxation

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation 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.

Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when the directors are satisfied that the likelihood of future taxable profits arising against which to off-set the deferred tax asset is reasonably assured.

1.8 Pensions

The company has certain employees who are members of a multi-employer benefit scheme. The company accounts for this scheme as a defined contribution arrangement in accordance with the exemptions available under FRS 102.

1.9 Key management personnel

As a qualifying entity (wholly owned subsidiary, non charity) the company have decided to take advantage of 1.12 point e) to not disclose key management personnel compensation in total.

1.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

1.11 Debtors and creditors

Debtors and creditors with no stated interest rate and receivables or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income as administrative expenses.

1.12 Significant accounting judgments and estimates

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

1.13 Judgments made in applying policies

In preparing these financial statements, the management has made the following judgements:

Indicators of impairment

Management determines whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Notes to the Financial Statements for the year ended 31 August 2019

1. Accounting policies continued

1.14 Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Tangible and intangible fixed assets: assets are depreciated or amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Provisions against receivables: Using information available at the balance sheet date, the Directors make judgments based on experience regarding the level of provision required to account for potentially uncollectible receivables.

Carrying value of investments: Investments are carried at cost less impairment. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2. Turnover

	Year ended 31 August 2019 £'000	Year ended 31 August 2018 £'000
Learning creation and delivery	13,441	14,191

3. Directors emoluments

The directors and key management personnel received no emoluments in respect of their services to the company (2018: £nil)

4. Staff costs

	Year ended 31 August 2019 £'000	Year ended 31 August 2018 £'000
Wages and salaries	5,815	5,787
Social security	608	584
Pension	683	757
	7,106	7,128

The average number of employees for the period was 147 (2018: 158).

The company makes contributions on behalf of its employees to a defined contribution and defined benefit pension scheme. Contributions during the year total £683,000 (2018: £226,000) for the defined contribution scheme and £nil (2018: £531,000) for the defined benefit scheme.

Since it is not possible for City and Guilds Kineo Limited to separately identify its share of the underlying assets and liabilities of the defined benefit scheme in which it participates on a reasonable and consistent basis, the company as a subsidiary of The City and Guilds of London Institute, has taken advantage of the multi-employer exemption provided by FRS 102 Section 28 and accounted for the schemes as if they were a defined contribution scheme whereby contributions are charged to the income statement on an accruals basis as they fall due. Please see the financial statements of the City and Guilds of London Institute for further information on this scheme.

Notes to the Financial Statements for the year ended 31 August 2019

5. Operating Profit

Operating profit is stated after charging:

	Year ended 31 August 2019 £'000	Year ended 31 August 2018 £'000
Audit fees	9	9
Depreciation of tangible fixed assets	69	30
Operating lease charges (lease is held by CGLI)	427	331
Net losses / (gains) on foreign currency transactions	4	30

6. Tax on Profit on ordinary activities

	Year ended 31 August 2019 £'000	Year ended 31 August 2018 £'000
Profit on ordinary activities before taxation	868	1,848
<i>Profit on ordinary activities multiplied by the small companies' rate of corporation tax in the UK of 19% (2018: 19%)</i>	165	351
Effects of:		
Capital allowances (higher) than depreciation	(3)	(1)
Tax loss utilised	(165)	(351)
Other permanent differences	3	1
Tax charge	-	-

7. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 September 2018 and 31 August 2019	4,500
Amortisation	
At 1 September 2018 and 31 August 2019	4,500
Net Book Value at 31 August 2018	-
Net book value at 31 August 2019	-

Notes to the Financial Statements for the year ended 31 August 2019

8. Tangible fixed assets

	Fixtures and fittings	Computer software and hardware	Total
	£'000	£'000	£'000
Cost			
At 1 September 2018	286	347	633
Additions	-	150	150
Disposals	-	-	-
At 31 August 2019	286	497	783
Accumulated depreciation			
At 1 September 2018	285	323	608
Charge for period	1	68	69
At 31 August 2019	286	391	677
Net Book Value at 31 August 2018	1	24	25
Net book value at 31 August 2019	-	106	106

9. Investments

	Investments £'000
Cost	
At 1 September 2018 and 31 August 2019	322

Investments as at 31 August 2019 relate to a 33% (2018: 33%) investment in Totara Learning Solutions Limited. The investment is not treated as an associate despite a holding of more than 20% as City and Guilds Kineo does not exert significant influence over the operating and financial policies of the company.

The company has a wholly owned subsidiary, Kineo Group Inc., incorporated in the USA. The investment in this subsidiary was established at no cost to the company. The subsidiary made a profit of £296,000 (2018: £186,000) for the year and its aggregate amount of capital and reserves were £629,000 (2018: £333,000) at the balance sheet date.

Notes to the Financial Statements for the year ended 31 August 2019

10. Debtors: amounts falling due within one year

	31 August 2019 £'000	31 August 2018 £'000
Trade debtors	1,573	1,666
Amounts owed by subsidiary undertaking	13	23
Amounts owed by other group members	1,246	1,355
Corporation tax repayable	-	-
Other debtors	1	-
Amounts recoverable on contracts	436	375
Prepayments	60	46
	3,329	3,465

An impairment loss in respect of bad and doubtful trade debtors of £nil (2018: £nil) was recognised against trade debtors.

11. Creditors: amounts falling due within one year

	31 August 2019 £'000	31 August 2018 £'000
Client advance payments	137	196
Trade creditors	166	251
Amounts owed to parent undertaking	3,129	2,189
Amounts owed to other group members	147	49
Other creditors	160	232
Deferred income	1,460	1,391
Accruals	426	462
	5,625	4,770

12. Provisions

	31 August 2019 £'000	31 August 2018 £'000
At 1 September 2018	287	277
Amount provided in the year	-	10
At 31 August 2019	287	287

The above total is made up of deferred tax of £12,000 (2018: £12,000) and dilapidations of £275,000 (2018: £275,000). Whilst there are no operating leases held by Kineo, the lease for the office building used by Kineo is held by the parent company and relevant costs are recharged back to Kineo. As Kineo is the sole user of the office it will be responsible for repairs at the end of the lease and a provision has been made for dilapidations in line with the lease term.

Notes to the Financial Statements for the year ended 31 August 2019

13. Called up share capital

	31 August 2019 £	31 August 2018 £
Authorised, issued and fully paid		
10,400 ordinary shares of £0.01 each	104	104

The share capital of the company is £104 divided into 10,400 Ordinary shares of £0.01 each, and the company shall have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred qualified or other special rights, privileges, restrictions or conditions. These shares have attached to them full voting, dividend and capital distribution rights; they do not confer any rights of redemption.

14. Ultimate parent undertaking

The company's immediate and ultimate parent undertaking and controlling party is The City and Guilds of London Institute registered charity number 312832, an organisation formed under Royal Charter which is a charity registered in England and which operates worldwide. The principal address of The City and Guilds of London Institute is 5-6 Giltspur Street, London, EC1A 9DD. Group financial statements have been prepared as at 31 August 2019 and may be obtained from the Secretary at the above address.

15. Related party transactions

The company is wholly owned by its parent undertaking. The company has therefore elected to make use of the exemption provided in Section 33.1A of FRS 102, 'Related Party Disclosures' not to disclose related party transactions with other wholly owned members of the City & Guilds Group.

The company paid £521,000 (2018: £606,000) to Totara Learning Solutions Limited for services provided. £nil was due to Totara Learning Solutions Limited (2018: £nil) at the year end.

There are no other related party transactions to disclose (2018: none).