

City and Guilds Kineo Limited

Company registration number: 07150983

Directors' Report & Financial Statements
for the year ended
31 August 2017

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Strategic Report

The directors submit their reports and audited financial statements of the company for the year ended 31 August 2017.

STRATEGIC REPORT

The City and Guilds Group is a leader in global skills development, connecting skills to jobs so people and organisations can progress. City and Guilds Kineo Limited operates within a business unit which focuses on helping the world's leading businesses improve performance through learning and technology.

We 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.

We offer many services, often flexed to suit their precise requirements. In general we have provided:

- E learning
- Learning Portals, Learning Management Systems and all aspects of Hosting and Support
- Off the shelf elearning, in essential organisation skills and management development
- Blended Learning Programmes
- Consultancy and Training

During the year, E3 Learning Pty in Australia was acquired by the group. E3 offers a wide range of elearning library solutions as well as bespoke elearning solutions. This acquisition extends and improves the Kineo footprint in the Asia-Pacific region and we are in the process of aligning entirely under the Kineo brand to our customers.

Through the wider City & Guilds organisation, we have worked in conjunction with our group colleagues to provide solutions to customers that encompass multiple group brands, in particular using technology to deliver practical apprenticeship and learning to major employers.

The company is able to genuinely support employers on a global basis. This has demonstrable value where client organisations are themselves seeking to make training and performance improvement gains in global teams. The UK business provides much of the guidance and strategic direction to all of the separate companies operating under the Kineo brand. Therefore these financial statements, do not reflect the results of all trading under the Kineo brand and carry additional costs that would not necessarily be reflected in a single operating company. This is with the full support of the parent organisation and the entire Kineo business unit has turnover in excess of £20m.

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	10%	21%
Cost (reduction) / growth	(2%)	15%
Receivables time	35 days	50 days

Internal financial metrics include client invoicing and project profitability. The company has implemented a new project management system during the year to better 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 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 pension scheme, incentives based on achieving local targets and a healthcare and well-being package. 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 clients do not purchase projects or the clients seek alternative suppliers. The company seeks to mitigate this risk by having systems to track potential project opportunities and match these to its 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.

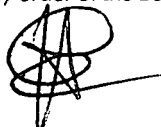
We undertake a large number of projects each year, this means that Kineo has to continually innovate and understand its clients' needs. Whilst this is a risk, it is also a mechanism by which Kineo invests in its staff and client relationships to ensure that the portfolio of services and skills required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

Strategic Report (continued)

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The company management set annual financial budgets which are reviewed monthly and reassessed regularly during the financial year. 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 shorter term business objectives. Accordingly the growth in the cost-base is appropriate to position the company for future growth and client success. The company is planning turnover growth and improved financial results with the explicit financial support of the parent undertaking.

By order of the Board



J T Conybeare-Cross
Director
19 December 2017

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 £1,253,000 (2016: loss of £490,000). 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 (2016: £nil).

Statement of 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 period. Under that law, the directors have prepared 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:

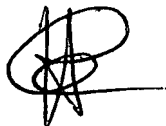
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Report (continued)

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Independent auditors

BDO LLP was reappointed as the company's auditor for the year ended 31 August 2017, and has expressed willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



J T Conybeare-Cross
Director
19 December 2017

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 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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, including the Director's Report and Strategic Report 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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 or the directors' report.

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' responsibilities statement set out on page 3, 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

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.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



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

Date: 20 December 2017

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 2017

	Note	Year ended 31 August 2017	Year ended 31 August 2016
		£'000	£'000
Turnover	2	13,214	12,130
Cost of sales		(8,805)	(9,804)
Gross profit		4,409	2,326
Administrative expenses		(3,156)	(2,816)
Operating Profit / (loss)	5	1,253	(490)
Interest receivable		-	-
Profit / (loss) on ordinary activities before taxation		1,253	(490)
Taxation on profit / (loss) on ordinary activities	6	-	-
Profit / (Loss) after tax and total comprehensive income for the year		1,253	(490)

These results relate to continuing operations.

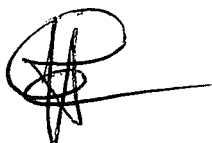
The notes on pages 10 to 16 form part of these financial statements.

Statement of Financial Position as at 31 August 2017

	Note	31 August 2017 £'000	31 August 2016 £'000
Intangible fixed assets	7	-	-
Tangible fixed assets	8	55	106
Investments	9	322	322
Fixed Assets		377	428
Debtors	10	2,067	3,065
Cash at bank and in hand		2,145	818
Current assets		4,212	3,883
Creditors: amounts falling due within one year	11	(5,952)	(6,987)
Net current liabilities		(1,740)	(3,104)
Total assets less current liabilities		(1,363)	(2,676)
Provisions	12	(277)	(217)
Net liabilities		(1,640)	(2,893)
Capital & Reserves			
Called up share capital	13	-	-
Share premium		28	28
Profit and loss account		(1,668)	(2,921)
Total Shareholders deficit		(1,640)	(2,893)

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 19 December 2017 and signed on its behalf by:



JT Conybeare-Cross
Director

Company registration no: 07150983

Statement of Changes in Equity for the year ended 31 August 2017

	Note	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 September 2015		-	28	(2,431)	(2,403)
Loss for the financial year		-	-	(490)	(490)
31 August 2016		-	28	(2,921)	(2,893)
		Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 September 2016		-	28	(2,921)	(2,893)
Profit for the financial year		-	-	1,253	1,253
31 August 2017		-	28	(1,668)	(1,640)

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

Notes to the Financial Statements for the year ended 31 August 2017

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, an organization formed under Royal Charter which is a charity registered in England and which operates worldwide. The principal address of the The City and Guilds of London Institute is 1 Giltspur Street, London, EC1A 9DD. Group financial statements have been prepared as at 31 August 2017 and may be obtained from the Secretary at the above address.

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	33⅓%
Furniture and fixtures	25%
Motor vehicles	25% - 33⅓%
Plant (and machinery)	5% - 25%

Notes to the Financial Statements for the year ended 31 August 2017

1. Accounting policies continued

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.

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 Operating leases

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.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 September 2014) to continue to be charged over the period to the first market rent review rather than the term of lease.

1.10 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.

1.11 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.

Notes to the Financial Statements for the year ended 31 August 2017

1. Accounting policies continued

1.12 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.

1.13 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.

1.14 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.

1.15 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, 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 2017 £'000	Year ended 31 August 2016 £'000
Learning creation and delivery	13,214	12,130

Notes to the Financial Statements for the year ended 31 August 2017

3. Directors emoluments

The directors or key management personnel received no emoluments in respect of their services to the Company (2016: £nil)

4. Staff costs

	Year ended 31 August 2017 £'000	Year ended 31 August 2016 £'000
Wages and salaries	5,745	6,098
Social security	590	605
Pension	724	717
	7,059	7,420

The average number of employees for the period was 150 (2016: 156).

The company makes contributions on behalf of its employees to a defined contribution and defined benefit pension scheme. Contributions during the year total £127,000 (2016: £128,000) for the defined contribution scheme and £597,000 (2016: £589,000) 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.

5. Operating Profit / (Loss)

Operating profit / (loss) is stated after charging:

	Year ended 31 August 2017 £'000	Year ended 31 August 2016 £'000
Audit fees	10	9
Depreciation of tangible fixed assets	104	133
Operating lease charges	323	307
Net gains on foreign currency transactions	(25)	(85)

Notes to the Financial Statements for the year ended 31 August 2017

6. Tax on Profit / (loss) on ordinary activities

	Year ended 31 August 2017 £'000	Year ended 31 August 2016 £'000
Profit / (loss) on ordinary activities before taxation	1,253	(490)
Profit / (loss) on ordinary activities multiplied by the small companies' rate of corporation tax in the UK of 19% (2016: 20%)	238	(98)
Effects of:		
Capital allowances lower than depreciation	12	17
Tax loss (utilised) / available for future offset	(253)	79
Other permanent differences	3	2
Tax charge	-	-

7. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 September 2016 and 31 August 2017	4,500
Amortisation	
At 1 September 2016 and 31 August 2017	4,500
Net Book Value at 31 August 2016	-
Net book value at 31 August 2017	-

Notes to the Financial Statements for the year ended 31 August 2017

8. Tangible fixed assets

	Fixtures and fittings	Computer software and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 September 2016	286	294	580
Additions	-	53	53
At 31 August 2017	286	347	633
Accumulated depreciation			
At 1 September 2016	220	254	474
Charge for period	63	41	104
At 31 August 2017	283	295	578
Net Book Value at 31 August 2016	66	40	106
Net book value at 31 August 2017	3	52	55

9. Investments

	Investments £'000
Cost	
At 1 September 2016 and 31 August 2017	322

Investments as at 31 August 2017 relate to a 33% (2016: 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 £156,000 (2016: £286,000) for the year and its aggregate amount of capital and reserves were £191,000 (2016: net liabilities of £34,000) at the balance sheet date.

10. Debtors: amounts falling due within one year

	31 August 2017 £'000	31 August 2016 £'000
Trade debtors	1,716	1,926
Amounts owed by subsidiary undertaking	-	81
Amounts owed by other group members	-	385
Amounts recoverable on contracts	316	448
Prepayments	35	225
	2,067	3,065

An impairment loss in respect of bad and doubtful trade debtors of £nil (2016: £nil) was recognised against trade debtors.

Notes to the Financial Statements for the year ended 31 August 2017

11. Creditors: amounts falling due within one year

	31 August 2017 £'000	31 August 2016 £'000
Client advance payments	316	334
Trade creditors	230	58
Amounts owed to parent undertaking	2,816	3,913
Other creditors	207	133
Deferred income	1,499	1,425
Accruals	884	1,124
	5,952	6,987

12. Provisions

	31 August 2017 £'000	31 August 2016 £'000
At 1 September 2016	217	144
Amount provided in the year	60	73
At 31 August 2017	277	217

The above total is made up of deferred tax of £12,000 (2016: £12,000) and dilapidations of £265,000 (2016: £205,000).

13. Called up share capital

	31 August 2017 £	31 August 2016 £
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 1 Giltspur Street, London, EC1A 9DD. Group financial statements have been prepared as at 31 August 2017 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 £420,000 (2016: £399,000) to Totara Learning Solutions Limited for services provided. £5,000 was due to Totara Learning Solutions Limited (2016: £5,000) at the year end.

There are no other related party transactions to disclose (2016: none).