Registered No 06540888

Intraining (ESD) Limited

Report and Financial Statements

31 July 2009

Registered No: 06540888

Directors
J Fisher
E F Winch

Secretary
E F Winch

Auditors
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers
HSBC Bank plc
City Branch
110 Grey Street
Newcastle upon Tyne
NE1 6JG

Solicitors
Watson Burton LLP
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

Registered office
Rye Hill House
Scotswood Road
Newcastle upon Tyne
NE4 7SA

Directors' report

The directors of the company present their report and the audited financial statements for the period ended 31 July 2009.

The company was incorporated on 20 March 2008, its ultimate parent undertaking is Newcastle College. The company name was changed on 25 April 2008 from In Training (ESD) Limited to Intraining (ESD) Limited.

Results and dividends

The loss for the period amounted to £3,398,000. No dividend is proposed.

Principal activities

The company carried out its activities in accordance with its prime objective, that is to be a market leader in the delivery of employability skills training throughout the UK.

Directors

The directors who served the company during the period were as follows:

J Fisher	(appointed 20 March 2008)
E F Winch	(appointed 10 October 2008)

Review of the business and future developments

The loss for the period was £3,398,000. The directors acknowledge that this result includes costs associated with buying assets out of administration and stabilising the business.

A review of The Intraining Group took place during the period and the activities, assets and liabilities of Intraining (ESD) Limited were transferred to The Intraining Group Limited on 31 July 2009. The objective is to grow and develop high quality multi-regional and national provision for the Department for Work and Pensions, Jobcentre Plus and the Learning and Skills Council.

Risks and uncertainties

The company faces many of the risks and uncertainties as that of Newcastle College, its ultimate parent undertaking, and has accordingly embraced the College's risk management policies. These are detailed more fully in the Newcastle College financial statements for the year ended 31 July 2009, which are available on request from the company secretary.

Financial risk management policy

The company's principal financial instruments comprise group borrowings.

The main risks associated with the company's financial assets and liabilities are set out below.

The company does not undertake any hedging activity. Significant financial risks from a Newcastle College group perspective are addressed on a case-by-case basis at group level.

Credit risk

Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

Directors' report

Financial risk management policy (continued)

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank accounts.

Foreign currency risk

The company does not undertake any transactions in foreign currency.

Corporate social responsibility

The company demonstrates a collective responsibility towards all its stakeholders within the community, the wider environment, the workplace and the market place.

As an accredited Investor in People the company believes good communication with staff and students to be very important. There is an effective communication strategy which includes all staff meetings, a regular staff newsletter, a regular staff e-bulletin and team briefings. A staff representative is part of the staff forum.

The company actively promotes diversity by ensuring all stakeholders are treated fairly and equally at all times and by adopting a holistic approach to working in an effort to bring sustainable and positive social, economic and environmental benefits to everyone involved.

The company extends these basic principles into every area through the learning opportunities offered to those in work or preparing for work and when engaging with suppliers and public and private sector business partners. The company works hard to make a positive contribution to the goals of various funding and awarding bodies aiming always to operate with integrity, compassion, and transparency.

Equal opportunities and employment of disabled persons

The company is committed to ensuring equality of opportunity for all students and employees. We respect and value positively differences in race, gender, sexual orientation, able-bodiedness, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The company considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the company continues. The company's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Disability statement

The company is fully conversant with its obligations under the Disability Discrimination Act 2005, and has developed and pursued a comprehensive action plan to ensure that we fulfil the requirements of the Act. The company continues to make arrangements to support students with learning difficulties and disabilities to ensure that they are able to access the full range of curriculum services. As required by the Learning and Skills Council, Newcastle College, the ultimate parent undertaking, produced and published its annual Disability Statement "Access to Learning".

Directors' report

Disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report have made enquiries of fellow directors and of the company's auditors, and confirm that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of this information.

Auditors

Ernst & Young LLP have been appointed as auditors of the company. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

J Fisher
Director

16 December 2009

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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; and
- 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 that 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Intraining (ESD) Limited

We have audited the financial statements of Intraining (ESD) Limited for the period ended 31 July 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. 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 Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2009 and of its loss for the period 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Intraining (ESD) Limited

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.

Ernst + Young LLP

Caroline Mulley (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

18 December 2009

Profit and loss account

for the period ended 31 July 2009

	Notes	*Period ended 31 July 2009 £'000*
Turnover	1	26,098
Cost of sales		(22,961)
Gross profit		3,137
Administrative expenses		(5,728)
Operating loss	2	(2,591)
Bank interest receivable		6
Interest payable and similar charges	4	(813)
Loss on ordinary activities before taxation		(3,398)
Tax on loss on ordinary activities	5	-
Retained loss for the period	10	(3,398)

All activities arose following the acquisition of certain of the trade, assets and liabilities of Carter & Carter Plc (In Administration) in the period. At the year-end all of the company's activities were transferred to The Intraining Group Limited.

There are no recognised gains or losses for the period ended 31 July 2009 other than the loss recognised above.

Balance sheet

at 31 July 2009

	Notes	*31 July 2009 £000*
Fixed assets		
Intangible assets	6	-
Tangible assets	7	-
		-
Creditors: amounts falling due within one year	8	(3,398)
Net liabilities		(3,398)
Capital and reserves		
Called up share capital	9	-
Profit and loss account	10	(3,398)
		(3,398)

The financial statements were approved by the Board of Directors and signed on their behalf by:

J Fisher
Director
16 December 2009

Notes to the financial statements

at 31 July 2009

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Fundamental accounting concept

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operating existence for the foreseeable future and meet its liabilities as they fall due.

At the balance sheet date the company had net liabilities of £3,398,000 including balances due to other group undertakings of £3,398,000.

The company is dependent on continuing financial support being available from its ultimate parent undertaking.

The directors have received confirmation that financial support will continue to be available to the company in the foreseeable future by way of support from its ultimate parent undertaking and believe that the forecasts are prepared on the best available current information. Accordingly, the directors of the company believe that it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is included in the consolidated financial statements of Newcastle College which are publicly available.

Pension schemes

Staff employed by the Company are eligible to be members of the Intraining Group Personal Pension Scheme. It is a defined contribution scheme and is independently administered by an insurance company. Contributions are recognised in the profit and loss account in the period in which they become payable.

Intangible fixed assets

Purchased goodwill is the difference between the purchase price for a business and the fair value of the actual separable assets and liabilities acquired. It is amortised on a straight line basis over the period of its estimated useful life. The carrying value of goodwill is reviewed for impairment at the end of the first accounting period after acquisition and subsequently whenever circumstances indicate that it may have been impaired.

Notes to the financial statements

at 31 July 2009

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

a) Leasehold improvements

Leasehold improvements are capitalised and depreciated over the remaining period of the lease.

b) Equipment

Equipment costing less than £1,000 (other than computer equipment) per individual item is written off to the profit and loss account in the period of acquisition. All other equipment is capitalised at cost.

All equipment is depreciated on a straight line basis over its estimated useful economic life as follows:

IT equipment	4 years
Other equipment	5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties within the United Kingdom.

Turnover is attributable to one continuing activity, the provision of training.

Notes to the financial statements

at 31 July 2009

2. Operating loss

This is stated after charging:

	Period ended 31 July 2009 £'000
Auditors' remuneration	5
Depreciation of owned fixed assets	290
Amortisation of intangible fixed assets	1,804
Operating lease rentals – plant and machinery	69

3. Staff costs

	Period ended 31 July 2009 £'000
Wages and salaries	12,379
Social security costs	1,580
Other pension costs	182
Restructuring costs	63
	14,204

The monthly average number of employees during the period was as follows:

	Period ended 31 July 2009 No.
Teaching	315
Non teaching	61
	376

There was no directors' remuneration in the period.

4. Interest payable and similar charges

	Period ended 31 July 2009 £'000
Interest on group borrowings	813

Notes to the financial statements

at 31 July 2009

5. Taxation

There was no tax charge in the period as taxable losses were incurred. The tax losses have been transferred along with the trade, assets and liabilities to The Intraining Group Limited on 31 July 2009.

6. Intangible fixed assets

	Goodwill *£000*
Cost:	
Additions	6,765
Transfer to group undertakings	(6,765)
At 31 July 2009	-
Amortisation:	
Charge for period	1,804
Transfer to group undertakings	(1,804)
At 31 July 2009	-
Net book value:	
At 31 July 2009	-

Fair Value Table

The company acquired certain of the trade, assets and liabilities of Carter & Carter Plc (In Administration) on 20 March 2008.

	Book value & fair value *£000*
Tangible fixed assets	24
Creditors: amounts falling due within one year	(239)
Net liabilities acquired	(215)
Fair value of consideration – loan from group undertaking	6,550
Goodwill	6,765

Notes to the financial statements

at 31 July 2009

7. Tangible fixed assets

	Freehold land and buildings £'000	*IT & other equipment £'000*	*Total £'000*
Cost:			
On acquisition	-	24	24
Additions	664	1,240	1,904
Disposals	-	(69)	(69)
Transfers to immediate parent undertaking	(664)	(1,195)	(1,859)
At 31 July 2009	-	-	-
Depreciation:			
Charge for period	58	232	290
Transfers to immediate parent undertaking	(58)	(232)	(290)
At 31 July 2009	-	-	-
Net book value			
At 31 July 2009	-	-	-

8. Creditors: amounts falling due within one year

	31 July 2009 £'000
Amounts due to immediate parent undertaking	3,398

9. Share capital

	Authorised 31 July 2009 No.	*Allotted, called up and fully paid 31 July 2009 £*
Ordinary shares of £1 each	1,000	1

On incorporation the authorised share capital was 1,000 ordinary £1 shares and one £1 share was issued for cash at par.

Notes to the financial statements

at 31 July 2009

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	*Profit and loss account £'000*	*Total share-holders' funds £'000*
On incorporation	-	-	-
Loss for the period	-	(3,398)	(3,398)
At 31 July 2009	-	(3,398)	(3,398)

11. Related party transactions

The company has taken advantage of the exemption under FRS8 not to disclose transactions with fellow group entities.

12. Parent undertaking and controlling party

The company's immediate parent company is The Intraining Group Limited and its ultimate parent undertaking and controlling party is Newcastle College, a corporation established under the Further and Higher Education Act 1992 in England. Copies of its group financial statements, which include the company, are available from Rye Hill Campus, Scotswood Road, Newcastle upon Tyne, NE4 7SA.

13. Pension commitments

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. There were no unpaid contributions outstanding at the year end.