

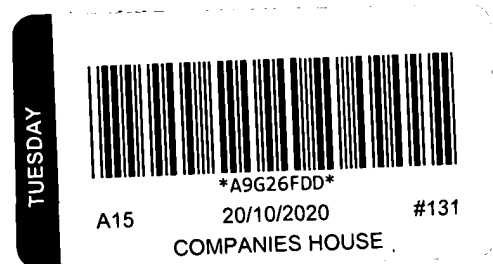
INFORMATION FOR FILING WITH THE REGISTRAR

Develop Training Limited

Annual report and financial statements

Registered number 06115331

Year ended: 30 September 2019



Balance sheet
for the year ended 30 September 2019

| | Note | 2019 £000 | 2018 £000 |
|---|------|-------------------|---------------------|
| Fixed assets | | | |
| Intangible assets | 4 | - | 3,172 |
| Tangible assets | 5 | 157 | 179 |
| | | <u>157</u> | <u>3,351</u> |
| Current assets | | | |
| Debtors | 7 | 2,496 | 1,747 |
| Cash | | - | 38 |
| | | <u>2,496</u> | <u>1,785</u> |
| Creditors: amounts falling due within one year | 8 | <u>(2,006)</u> | <u>(1,610)</u> |
| Net current assets/(Liabilities) | | <u>490</u> | <u>175</u> |
| Net assets | | <u><u>647</u></u> | <u><u>3,526</u></u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1,027 | 1,027 |
| Other reserves | | 8,190 | 8,190 |
| Profit and loss account | | (8,570) | (5,691) |
| Shareholders' funds | | <u><u>647</u></u> | <u><u>3,526</u></u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A- small entities.

The financial statements were approved and authorised for issue by the Board.

Signed on behalf of the Board of Directors



J Kerr
Director

Date 10/09/2020

Company registration number: 06115331

Notes

(forming part of the financial statements)

1 Accounting policies

Develop Training Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 06115331 and the registered address is Derby Training Centre, Ascot Drive, Derby, DE24 8GW.

The Company is exempt by virtue of s:400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2017 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Develop Training Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Develop Training Group Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Develop Training Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

During the year ending September 2019 the businesses ultimate parent company Develop Training Group Ltd, was acquired by JTL providing the business and group with financial stability into the future.

In the year to 30th September 2019, Develop Training Limited ("the Company") has reported an operating loss, before exceptional goodwill write-off, amounting to £840,000 (2018 Loss: £338,000)

As expected, the company continued to face a challenging market in the year ending 30th September 2019, with a slight reduction in turnover from the prior year. Profitability proved challenging with increasing costs following substantial investments made in the quality of training provision required within the apprentice framework. The Company expected turnover to increase in the year to 30th September 2020 and profitability

Notes (continued)

to improve, prior to the Coronavirus outbreak. Develop Training Limited, now expects to show significantly lower annual turnover than 2018/19, with larger operating losses due to the closure of the education sector from March 2020 for an indefinite period.

Based on the change of ownership of the ultimate controlling party and their continued support, by JTL the parent company through a formal loan facility covering a period to 2029, which is considered to represent the foreseeable future, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

1.3. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.4. Goodwill

Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the Directors' estimate of its useful economic life being 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full accounting year following acquisition; and in other periods if event or changes in circumstances indicate that the carrying value may not be recoverable

1.5. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Company assesses at each reporting date whether tangible fixed assets are impaired. Items under £500 are expensed in the period they occur and are not capitalised.

Depreciation is provided to write off the cost of all tangible fixed assets, over their useful economic lives. It is calculated at the following rates:

| | |
|--------------------------------|--------------------------------|
| Leasehold property | - over the period of the lease |
| Plant, machinery and equipment | - over 4 to 5 years |
| Fixtures and fittings | - over 5 to 10 years |
| Office equipment | - over 5 to 10 years |
| Computer equipment | - over 4 to 5 years |
| Motor vehicles | - over 2 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Notes (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.6. Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of the service has passed to the customer which is generally on delivery of courses.

1.7. Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.8. Pension costs

Contributions to the defined contribution pension scheme are charged to the profit and loss account in the period during which services are rendered by employees.

1.9. Related party disclosures

The company is a wholly owned subsidiary of Develop Training Group Limited and has taken advantage of the exemption conferred by FRS102.33.1A not to disclose transactions with Develop Training Limited or other wholly owned subsidiaries within the group.

Notes (continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

3 Employees

The average number of employees (including Directors) during the year was as follows:

| | 2019 Number | 2018 Number |
|-------------------------------|----------------|----------------|
| Sales | 10 | 8 |
| Training staff | 36 | 35 |
| Catering and maintenance | 4 | 5 |
| Administration and management | 40 | 40 |
| | <u>90</u> | <u>88</u> |

4 Intangible fixed assets

| | Goodwill £000 |
|---|---------------------|
| <i>Cost:</i> | |
| At 1 October 2018 and 30 September 2019 | 8,948 |
| <i>Accumulated amortisation:</i> | |
| At 1 October 2018 | 5,776 |
| Provided for the year | 447 |
| Impairment | 2725 |
| At 30 September 2018 | <u>8,948</u> |
| <i>Net book value:</i> | |
| At 30 September 2019 | - |
| At 30 September 2018 | <u><u>3,172</u></u> |

Amortisation and impairment charge

The amortisation charge is recognised in the following line items in the profit and loss account:

| | 2018 £000 | 2018 £000 |
|---|--------------|--------------|
| Administrative expenses | | |
| Depreciation , goodwill amortisation and impairment | <u>3,246</u> | <u>1,134</u> |

Impairment

The Directors have performed a net present value calculation in accordance with FRS 102 Section 27 (the relevant accounting standard) to assess whether any impairment of the carrying value of investment is required. The Directors have recognised that the short-term market outlook is challenging and have applied appropriate caution to their analysis. The Directors have concluded the carrying amount of the net asset has been impacted by a number of factors and there is sufficient evidence to impair the full value of Goodwill. This has resulted in an impairment charge being booked of £2,724,827.

Notes (continued)

5 Tangible fixed assets

| | Leasehold land and buildings £000 | Plant and machinery £000 | Fixtures and fittings £000 | Other fixed assets £000 | Motor vehicles £000 | Total £000 |
|--------------------------------------|--|--------------------------------|----------------------------------|-------------------------------|---------------------------|---------------|
| Cost: | | | | | | |
| At 1 October 2018 | 171 | 1,559 | 294 | 254 | 5 | 2,283 |
| Additions | 14 | 4 | 29 | 3 | - | 50 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 September 2019 | 185 | 1,563 | 323 | 257 | 5 | 2,333 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Accumulated depreciation: | | | | | | |
| At 1 October 2018 | 130 | 1,469 | 266 | 236 | 3 | 2,104 |
| Provided in the year | 15 | 35 | 13 | 7 | 2 | 72 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 September 2019 | 145 | 1,504 | 279 | 243 | 5 | 2,176 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value: | | | | | | |
| At 30 September 2019 | 40 | 59 | 44 | 14 | 0 | 157 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 September 2018 | 41 | 90 | 28 | 18 | 2 | 179 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The net book value of land of buildings of £40,000 (2018: £41,000) relates solely to short leasehold.

6 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

The Company has the following investments in subsidiaries:

| | Aggregate of 'Profit or loss capital and reserves £000 | for the year £000 | Registered office address | Class of shares held | Ownership 2019 % | Ownership 2018 % |
|---------------------------|---|----------------------|---|-------------------------|------------------------|------------------------|
| Develop Solutions Limited | - | - | Develop Training Centre, Ascot Drive, Derby, DE24 8GW | Ordinary | 100 | 100 |

Notes (continued)

7 Debtors

| | 2019 £000 | 2018 £000 |
|---|--------------|---------------------------------------|
| <i>Amounts falling due within one year:</i> | | |
| Trade debtors | 931 | 819 |
| Amounts owed by Group undertakings | - | 323 |
| Prepayments and accrued income | 826 | 553 |
| Deferred taxation (see below) | 739 | 52 |
| | <u>2,496</u> | <u>1,747</u> |
| | | Deferred taxation £000 |
| At 1 October 2018 | | 52 |
| Credited to the profit and loss account | | 687 |
| At 30 September 2019 | | <u>739</u> |
| | 2019 £000 | 2018 £000 |
| <i>The amount of deferred tax provided is as follows:</i> | | |
| Accelerated capital allowances | 637 | 38 |
| Short timing differences | 10 | 5 |
| Tax losses carried forward and other deductions | 91 | 9 |
| | <u>739</u> | <u>52</u> |

8 Creditors: amounts falling due within one year

| | 2019 £000 | 2018 £000 |
|------------------------------|--------------|--------------|
| Overdraft | 31 | - |
| Trade creditors | 575 | 978 |
| Taxation and social security | 280 | 223 |
| Accruals and deferred income | 547 | 409 |
| Corporation tax | - | - |
| Amounts owed to Group | <u>573</u> | <u>-</u> |
| | <u>2,006</u> | <u>1,610</u> |

Notes (continued)

9 Share capital

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| <i>Allotted, called up and fully paid:</i> | | |
| 10,266,550 ordinary shares of 10p each | 1,027 | 1,027 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10 Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows:

| | Land and buildings | | Other | |
|----------------------------|--------------------|--------------|--------------|--------------|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Less than one year | 333 | 393 | 167 | 301 |
| Between one and five years | 730 | 881 | 112 | 192 |
| More than five years | 285 | 465 | - | - |
| | <u>1,348</u> | <u>1,739</u> | <u>279</u> | <u>493</u> |

During the year £602,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £617,000).

11 Related party disclosures

Transactions with related parties

Develop Training Limited had no transactions with related parties in the year ending 30th September 2019 (Nil 2018)

12 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Develop Training Group Limited which, following an acquisition in the year, in itself is a subsidiary of JTL the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Develop Training Group Limited, incorporated in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. No other group financial statements include the results of the company.

13 Auditors' Information

The auditors' report on the financial statements for the year ended 30 September 2019 was unmodified. The audit report was signed on 15-10-2020 by Sudhir Singh FCA (Senior statutory auditor) on behalf of MHA MacIntyre Hudson.