

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

INSPIRO LEARNING LIMITED
(PREVIOUSLY KNOWN AS
BABCOCK SKILLS
DEVELOPMENT AND TRAINING
LIMITED)

MENZIES

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

COMPANY INFORMATION

Directors	D Travis (appointed 1 February 2023) S Wilson (appointed 1 February 2023) T Newman (resigned 19 July 2022) J R Parker (resigned 1 February 2023) J K Rayson (resigned 1 February 2023) I S Urquhart (resigned 31 May 2022) S Doherty (resigned 18 January 2023)
Registered number	08058712
Registered office	105 Piccadilly London England W1J 7NJ
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 10
Statement of income and retained earnings	11
Statement of financial position	12
Statement of changes in equity	13 - 14
Notes to the financial statements	15 - 30

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

Inspiro Learning Limited is a national multisector training provider, providing apprenticeships and commercial training across the UK funded by the Government through the Education and Skills Funding Agency ("ESFA"), Skills Development Scotland, the Department for the Economy Northern Ireland and, via a subcontracting agreement, the Welsh Assembly Government, the apprenticeship levy and from commercial programmes provided to customers.

Business review

During the year, the Company acquired the trade and assets of certain training contracts across the automotive, rail, nuclear and service sectors from Babcock Training Ltd. On the 1st February 2023, the Company was acquired by Inspirit Capital LLP, after which the Company also changed its name from Babcock Skills Development and Training Limited to Inspiro Learning Limited. Inspiro Learning Limited has undergone an extensive programme of activities to separate itself from the Babcock Group systems and processes and anticipates that this will be completed by the beginning of 2024. The Company ceased to be part of the Babcock Group on 1 February 2023.

Under new ownership, the business is maintaining an open and collaborative approach with the new shareholders. A strategy for growth has been developed in conjunction with our shareholders who work with the business to review progress against those plans and input into the development of this strategy.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The key risks and uncertainties affecting the Company are considered to be related to changes in government policy, budget allocations and the changing political and regulatory environment. The Directors manage this risk by having regular dialogue with government funding bodies and by ensuring the business adapts to those changes and those of employers.

Government Education Policy Risk

The Company generates a proportion of its revenue from training activities influenced and in part funded ultimately by government sources. Changes to UK Government and/or the policy initiatives they pursue in respect of education and training is both a risk and opportunity to the Company future growth aspirations.

Regulatory Risk

The Board of Directors maintain an up-to-date knowledge of general regulatory risk associated with the undertaking of the business in its marketplace. General regulatory frameworks include but not limited to those areas of Health and Safety, Safeguarding, Employment Law, and Data Protection Law. Risk is managed through the adoption of policies and procedures that address each area.

Price risk

The Company is exposed to price risk as a result of its operations. The Board closely monitors changes to prices across its markets and reacts appropriately to such changes on a timely basis where this is deemed appropriate. This includes price changes enforced by government legislation changes.

Credit risk

A key trade debtor of the Company is the Education and Skills Funding Agency (ESFA), although there is an onward risk whereby, we require the employer partners that we work with to pay their apprenticeship levy to allow the ESFA to release the funding to us. The Company ensures that it is in compliance with the requirements set out in the contract between the Company and the ESFA to manage the credit risk.

Strong relationships are maintained with customers to ensure that all performance obligations are met thereby managing any credit risk on a regular basis.

Liquidity risk

Liquidity risk is managed through regular monitoring of short-term cash flows as well as medium and long-term scenario planning.

Financial key performance indicators

The performance of the business is monitored at various levels, from overall Company performance down to individual operating business units and teams. Detailed management financial statements are produced on a monthly basis, being reviewed at various levels throughout the Company with those accountable for the performance.

The key profit and loss performance measures considered by the Board and management are turnover, gross profit and margin and EBITDAE.

Aside from the performance as presented on the Profit and Loss Account, the cash flow performance and associated Balance Sheet positions are monitored.

Other key performance indicators

There are other non-financial key performance indicators monitored by the business, many of which are of particular relevance to the activities. Measures that are monitored include but not limited to trainer activity levels, learner enrolment levels, timeliness of learner progression, learner achievement rates, the quality of teacher provision, and both learner and customer satisfaction.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board and signed on its behalf.

S Wilson
Director

Date: 21 December 2023

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,804,118 (2022 - £1,469,808).

Details of dividends declared and paid are disclosed in note 10.

Directors

The directors who served during the year were:

D Travis (appointed 1 February 2023)
S Wilson (appointed 1 February 2023)
T Newman (resigned 19 July 2022)
J R Parker (resigned 1 February 2023)
J K Rayson (resigned 1 February 2023)
I S Urquhart (resigned 31 May 2022)
S Doherty (resigned 18 January 2023)

Future developments

Details of future developments can be found in the Strategic Report.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

S Wilson

Director

Date: 21 December 2023

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) M E N Z I E S

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

Opinion

We have audited the financial statements of Inspiro Learning Limited (previously known as Babcock Skills Development and Training Limited) (the 'Company') for the year ended 31 March 2023, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of changes in equity and the related notes, 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 March 2023 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) MENZIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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.

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.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) M E N Z I E S

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) M E N Z I E S

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) (CONTINUED)

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, and general regulations such as health and safety and general data protection regulation. There are no industry specific laws and regulations which would be deemed to have a significant impact on the financial statements. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.

- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - Posting of unusual journals and complex transactions;
 - Misappropriation of funds through fraudulent supplier ledger and payroll activity; and
 - Manipulation of amounts subject to significant judgement or estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) M E N Z I E S

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED) (CONTINUED)

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 Auditors' 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 Auditors' 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 Hadfield FCA (Senior statutory auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Statutory Auditor

3000a Parkway

Whiteley

Hampshire

PO15 7FX

21 December 2023

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	22,137,138	9,640,372
Cost of sales		(15,521,700)	(6,418,218)
Gross profit		6,615,438	3,222,154
Administrative expenses		(4,407,315)	(1,756,226)
Operating profit	5	2,208,123	1,465,928
Interest payable and similar expenses	9	(4,139)	-
Profit before tax		2,203,984	1,465,928
Tax on profit	10	(399,866)	3,880
Profit after tax		1,804,118	1,469,808
Retained earnings at the beginning of the year		(10,839,095)	(12,308,903)
		(10,839,095)	(12,308,903)
Profit for the year		1,804,118	1,469,808
Dividends declared and paid		(13,668,000)	-
Retained earnings at the end of the year		(22,702,977)	(10,839,095)

The notes on pages 15 to 30 form part of these financial statements.

**INSPIRO LEARNING LIMITED (PREVIOUSLY
KNOWN AS BABCOCK SKILLS DEVELOPMENT AND
TRAINING LIMITED)**
REGISTERED NUMBER:08058712

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	<u>87,983</u>	<u>-</u>
		87,983	-
Current assets			
Debtors: amounts falling due within one year	13	12,005,857	1,919,228
Cash at bank and in hand		<u>2,437,224</u>	<u>24,663,019</u>
		14,443,081	26,582,247
Creditors: amounts falling due within one year	14	<u>(7,151,944)</u>	<u>(7,421,341)</u>
Net current assets		<u>7,291,137</u>	<u>19,160,906</u>
Total assets less current liabilities		7,379,120	19,160,906
Provisions for liabilities			
Other provisions	16	<u>(82,096)</u>	<u>-</u>
		(82,096)	-
Net assets		<u>7,297,024</u>	<u>19,160,906</u>
Capital and reserves			
Called up share capital	17	111	111
Share premium account	18	-	29,999,890
Profit and loss account	18	<u>7,296,913</u>	<u>(10,839,095)</u>
		<u>7,297,024</u>	<u>19,160,906</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Wilson
Director

Date: 21 December 2023

The notes on pages 15 to 30 form part of these financial statements.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022	111	29,999,890	(10,839,095)	19,160,906
Comprehensive income for the year				
Profit for the year	-	-	1,804,118	1,804,118
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,804,118	1,804,118
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(13,668,000)	(13,668,000)
Transfer to Profit & Loss Account	-	(29,999,890)	-	(29,999,890)
Transfer from Share Premium Reserve	-	-	29,999,890	29,999,890
Total transactions with owners	-	(29,999,890)	16,331,890	(13,668,000)
At 31 March 2023	111	-	7,296,913	7,297,024

The notes on pages 15 to 30 form part of these financial statements.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	111	29,999,890	(12,308,903)	17,691,098
Comprehensive income for the year				
Profit for the year	-	-	1,469,808	1,469,808
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,469,808	1,469,808
Total transactions with owners	-	-	-	-
At 31 March 2022	111	29,999,890	(10,839,095)	19,160,906

The notes on pages 15 to 30 form part of these financial statements.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Inspiro Learning Limited (previously Babcock Skills Development and Training Limited) is a private company limited by shares incorporated in England and Wales. The address of its registered office is disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 First time adoption of FRS 102

In the current year the company has adopted FRS 102. In the previous year the company financial statements were prepared in accordance with FRS 101.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with FRS 101. An explanation of the adoption of FRS 102 for the year is included in note 22.

The directors of the company have chosen to change the accounting framework that the company reports under to UK GAAP as this better reflects the financial information that the directors utilise in managing the business.

2.3 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Inspirit Tulip Topco Limited as at 31 March 2023 and these financial statements may be obtained from 105 Piccadilly, London, United Kingdom, W1J 7NJ.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 25% - 35% straight line
Computer equipment	- 33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The company's revenue recognition policies require management to make an estimate of the cost to complete for long-term contracts. Management estimates outturn costs on a contract-by-contract basis and estimates are carried out by suitably qualified and experienced personnel. Estimates of cost to complete include assessment of contract contingencies arising out of technical, commercial, operational and other risks. The assessments of all significant contract outturns are subject to review and challenge, and judgements and estimates are reviewed regularly throughout the contract life based on latest available information and adjustments are made where necessary. As contracts near completion, often less judgement is required to determine the expected outturn.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Rendering of services	22,137,138	9,640,372
	<u>22,137,138</u>	<u>9,640,372</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	22,137,138	9,640,372
	<u>22,137,138</u>	<u>9,640,372</u>

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Exchange differences	1,184	481
Other operating lease rentals	<u>43,036</u>	<u>-</u>

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	13,000	-
Tax compliance services	850	-
Other services relating to assurance	<u>5,250</u>	<u>-</u>

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

7. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	6,401,754	2,755,129
Social security costs	750,365	336,457
Cost of defined contribution scheme	591,525	274,935
	<u>7,743,644</u>	<u>3,366,521</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Operations	140	60
Management and administration	46	13
	<u>186</u>	<u>73</u>

8. Directors' remuneration

During this year and the prior year all of the directors of the Company were remunerated by other group companies. It is not possible to make an accurate apportionment of these directors' emoluments relating to services provided to the Company and as such no disclosure has been made in these financial statements.

9. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	4,139	-
	<u>4,139</u>	<u>-</u>

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	392,715	-
	<u>392,715</u>	<u>-</u>
Total current tax	<u>392,715</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	7,151	(3,880)
Total deferred tax	<u>7,151</u>	<u>(3,880)</u>
Tax on profit	<u>399,866</u>	<u>(3,880)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>2,203,984</u>	<u>1,465,928</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	418,757	278,526
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,347	44,594
Group relief surrendered/(claimed)	(25,954)	(316,000)
Remeasurement of deferred tax for change in tax rates	1,716	-
Impact of change in UK tax rate	-	(11,000)
Total tax charge for the year	<u>399,866</u>	<u>(3,880)</u>

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Taxation (continued)

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the budget on 3 March 2021, was substantively enacted on 24 May 2021 to increase the main corporation tax rate from 19% to 25% on profits over £250,000 from 1 April 2023. In addition the rate for small profits under £50,000 was to remain at 19%, and where the company's profits fall between £50,000 and £250,000, the lower and upper limits marginal relief rules were due to apply. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

11. Dividends

	2023 £	2022 £
Dividends paid	13,668,000	-
	<u>13,668,000</u>	<u>-</u>

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2022	36,397	26,966	63,363
Additions	106,313	-	106,313
Disposals	-	(26,966)	(26,966)
At 31 March 2023	142,710	-	142,710
Depreciation			
At 1 April 2022	36,397	26,966	63,363
Charge for the year on owned assets	18,330	-	18,330
Disposals	-	(26,966)	(26,966)
At 31 March 2023	54,727	-	54,727
Net book value			
At 31 March 2023	87,983	-	87,983
At 31 March 2022	-	-	-

13. Debtors

	2023 £	2022 £
Trade debtors	2,592,429	947,032
Amounts owed by group undertakings	513,581	-
Other debtors	31,668	58,287
Prepayments and accrued income	502,941	44,943
Contract assets	8,327,631	824,208
Deferred taxation	37,607	44,758
	12,005,857	1,919,228

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans	198,356	-
Trade creditors	151,902	1,121
Amounts owed to group undertakings	-	6,338,608
Corporation tax	392,715	-
Other taxation and social security	741,004	250,391
Other creditors	688,311	27,967
Accruals and deferred income	4,979,656	803,254
	<u>7,151,944</u>	<u>7,421,341</u>

15. Deferred taxation

	2023 £
At beginning of year	44,758
Charged to profit or loss	(7,151)
At end of year	<u><u>37,607</u></u>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	37,101	44,758
Short term timing differences	506	-
	<u>37,607</u>	<u>44,758</u>

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. Provisions

	Restructuring provisions £
Other movements	82,096
At 31 March 2023	82,096

17. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
111 (2022 - 111) Ordinary shares of £1.00 each	<u>111</u>	<u>111</u>

All Ordinary shares hold equal voting rights.

18. Reserves

Share premium account

A non-distributable reserve where the premium paid for new shares above their nominal value is recognised.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

Within the financial year, the company made a special resolution to transfer the share premium balance in to the profit and loss reserve.

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £597,552 (2022 - £274,935).

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	111,913	-
Total	111,913	-

During the year, operating lease expenses of £43,036 (2022 - £nil) were recognised in the profit and loss account.

21. Controlling party

Following the acquisition on 1 February 2023 the immediate parent undertaking is Inspirit Tulip Bidco Limited.

The ultimate controlling party is Inspirit Tulip Topco Limited. Inspirit Tulip Topco Limited creates both the largest and smallest group of undertakings in which consolidated accounts are drawn up.

Consolidated accounts may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Adoption of FRS 102

The Company transitioned to FRS 102 from FRS 101 as at 1 April 2022. The impact of the transition to FRS 102 is as follows:

	As previously stated 31 March 2022 £	Effect of transition 31 March 2022 £	FRS 102 (as restated) 31 March 2022 £
Fixed assets	65,215	(65,215)	-
Current assets	26,582,247	-	26,582,247
Creditors: amounts falling due within one year	(7,466,766)	45,425	(7,421,341)
Net current assets	19,115,481	45,425	19,160,906
Total assets less current liabilities	19,180,696	(19,790)	19,160,906
Creditors: amounts falling due after more than one year	(21,858)	21,858	-
Net assets	19,158,838	2,068	19,160,906
Capital and reserves	19,158,838	2,068	19,160,906

INSPIRO LEARNING LIMITED (PREVIOUSLY KNOWN AS BABCOCK SKILLS DEVELOPMENT AND TRAINING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Adoption of FRS 102 (continued)

	As previously stated 31 March 2022 £	Effect of transition 31 March 2022 £	FRS 102 (as restated) 31 March 2022 £
Turnover	9,640,372	-	9,640,372
Cost of sales	(6,427,302))	9,084	(6,418,218))
	3,213,070	9,084	3,222,154
Administrative expenses	(1,745,873))	(10,353))	(1,756,226))
Operating profit	1,467,197	(1,269))	1,465,928
Taxation	3,880	-	3,880
Profit on ordinary activities after taxation and for the financial year	<u>1,471,077</u>	<u>(1,269)</u>)	<u>1,469,808</u>

Explanation of changes to previously reported profit and equity:

1 The changes detailed above represent the difference in accounting treatment of leases previously reported under IFRS 16.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.