

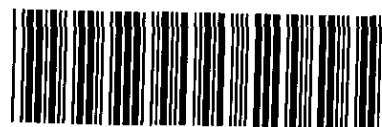
Transforming Training with Technology Limited

**Annual Report and Consolidated Financial Statements
For the year ended 31 December 2020**

Registration number: 10908456

These financial statements are the
parent company accounts of
Survex Limited

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Transforming Training with Technology Limited

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Transforming Training with Technology Limited

Company Information

Directors	M Somerville
	G D Sword
	K N Franklin
	P M M Sinclair
Registered number	10908456
Registered office	Hurn View House
	5 Aviation Park West
	Bournemouth International Airport
	Christchurch
	Dorset
Auditor	BH23 6EW
	BDO LLP
	Arcadia House
	Maritime Walk
	Ocean Village
	Southampton
	SO14 3TL

Transforming Training with Technology Limited

Strategic Report

For the year ended 31 December 2020

The directors present their strategic report together with the audited financial statements for the year ended December 2020.

Introduction

The aim of the Group is to transform the global training landscape within the energy & wider industrial sectors by creating the most advanced and flexible range of training solutions currently available.

Principal activities

The principal activities of the group are:

Training: Best-in-class learning experiences delivered at state-of-the-art training centres and on-site mobile training hubs globally.

Software & Technology: 3T Transform is a connected platform of cloud-based software and technology. Designed to help business manage, deliver and monitor their workforce training and learning to advance their safety, knowledge, skills, competency, performance and compliance.

Simulators: A range of highly advanced simulators. These enable workers to expand their knowledge and hone their skills and build safety critical competence in a safe, immersive and engaging environment. Available on-site or at our training centres, the simulators emulate drilling, well control, well intervention and crane operations in real time.

The principal activity of the company is that of a holding company.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face.

The group's key financial and other performance indicators during the year were as follows:

	Unit	Year ended 31 December 2020	Year ended 31 December 2019
Revenue	£	25,159,921	40,250,288
Gross Margin	£	15,028,692	23,420,373
Gross Margin %	%	59	58
EBITDA	£	4,939,729	10,594,009

*EBITDA is calculated as earnings before interest, tax, depreciation, amortisation and non-recurring items.

Transforming Training with Technology Limited

Strategic Report – continued

The Group has seen a material adverse effect from COVID-19 due to the enforced closure of the training centres for a period of time and the wider impact on the global economy and energy sector. However, due to the hard work of staff and the strong and supportive customer base, the Group has had a relatively strong performance given the circumstances, leading to £25.2m revenue and £4.9m EBITDA. The fundamentals of the business remain strong and the Board believes that a combination of our training offering, our sector diversification as the energy transition gathers pace and our geographic diversity leaves the Group well positioned going into 2021.

Principal risks and uncertainties

The principal risks and uncertainties relate to Covid-19 and the subsequent ongoing challenging economic conditions across global oil and gas markets and the wider economy and the consequent impact upon the Group's anticipated order values, contract commitments and related cash flows. This risk is managed as far as possible via diversification across a wide range of customers and products and services and so the group is not reliant upon any single customer, or group of customers, or upon any single product or service. The Group has diversified its revenue streams and the geographic expansion and footprint has also helped to mitigate the risk of the challenging economic environment.

Other risks include the potential obsolescence of the Group's products and the risks of competition. The Group invests appropriately to ensure that the range of products and services offered to customers remains at the forefront of oil and gas simulation technology and insulation products. As such, the risks of obsolescence and competition are considered low.

Foreign exchange risk principally relates to the GBP to USD exchange rate as a proportion of revenues are collected in US dollars. The risk is mitigated by drawing debt funding denominated in Dollars, this protects covenant testing against fluctuations and allows utilisation of excess Dollars through interest payments. The exposure to foreign currency is also reviewed by the directors and managed via forward exchange currency contracts where appropriate.

The business' principal financial instruments comprise bank debt, trade debtors, trade creditors and intercompany loans and loan notes both to and from the Group and Company. The main purpose of these instruments is to finance the business' operations. The Group bank debt is fixed until 2023.

In respect of bank balances, all of the business' cash balances are held in such a way that achieves a competitive rate of interest. The Group makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Covid-19

The Coronavirus pandemic continues to have an impact on the Group's current operations however the training facilities have been open since May 2020 and we continue to provide software support and development from remote locations despite the challenges of the pandemic. Whilst further disruption is likely, the Group is well positioned to take advantage of any future upside but also weather any further downturns.

Transforming Training with Technology Limited

Strategic Report - continued

Impact of Brexit

On 31 December 2020 the Brexit transition period ended and as such the UK has now formally left the EU. Since this date we have seen no adverse effect on trading, our supply chain or other areas of the business due to Brexit and as such, the directors continue to consider that Brexit will not have a material adverse impact the Group in the foreseeable future.

Future developments

To maintain our position in the market we will continue to develop new products and services, continue to invest in and develop new technology and technology solutions, and invest appropriately when growth opportunities arise. During the year the Group has invested significant resource into the development of our current and new technology offerings, including Virtual Reality programmes, training-based applications and Augmented Reality and E-Learning courses; all products intent in which increased interest due to the pandemic and changes in working behaviour. In line with the Group's strategy plan over the next five years, these assets will bring additional revenue streams.

The acquisition of Petrofac's UK Training business, outlined further in post balance sheet events, highlights the Group's commitment to invest in and grow its operations.

Building from the success in 2020 and taking into account the impact of COVID-19, the Group has set out reasonable objectives to achieve for the coming financial year. The Directors believe the Group is well placed with the new strategic focus, cashflow management and planning and a strong management team.

Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the group is able to meet all its liabilities as they fall due including a detailed going concern stress test for Transforming Training With Technology Limited for which further detail is given within note 1 to the financial statements. In addition, as part of the acquisition of Petrofac's UK training, the Group has negotiated an extension to its funding to 2023.

Having completed this, the directors are confident that the group can continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

Streamlined Energy and Carbon Reporting (SECR)

The 2018 Regulations introduced requirements under Part 15 of the Companies Act 2006 for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information. However, the Group has applied the option permitted to exclude any energy and carbon information relating to its subsidiaries as they qualify as a medium-sized entity and this applies to all subsidiaries within the group. Therefore, it is not required to make the detailed disclosures of energy and carbon information.

Transforming Training with Technology Limited

Strategic Report - continued

Section 172 of the Companies Act 2006

The directors of the group and company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the following matters of Section 172 of the Companies Act 2006:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

This process will help to further enhance the corporate governance principles in the business and allow further engagement with its customers, suppliers and employees. Throughout 2020, the Board will continue to review and challenge how the company can improve engagement with its employees and stakeholders.

Health & Safety

The Directors ensure safety is ingrained in every area of our business and adopted by all of our staff as a key component of our day-to-day activities recognising that successful health, safety, quality and environmental management is fundamental to our business and we are committed to continual improvement in all areas of our business activities.

The Directors recognises that its employees represent its greatest asset and ensuring the balance between the business needs with a full commitment to ensuring that the health, safety and welfare of its employees are met.

Quality

Customer satisfaction can only be achieved by supplying a service and product that totally meets, or wherever possible exceeds, the customers' requirements and expectations.

To ensure this, the Group has successfully implemented a fully integrated management system (IMS) which is certified by BSI to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The Group recently obtained certification for ISO 27001:2018.

Transforming Training with Technology Limited

Strategic Report - continued

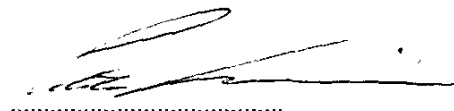
Post balance sheet events

Since the balance sheet date the global impact of COVID-19 continues although many geographies are opening up further and the global roll out of vaccines continues at pace where the UK is one of the leading countries. The situation remains fluid and the further impact on the global economy, on capital markets and on individual businesses remains uncertain.

On 1 April 2021, the Group, through its subsidiary Survivex Limited, completed the acquisition of Petrofac's UK training business. This is a landmark acquisition for the Group which consolidates its position as number 1 in the UK market as well as giving new capabilities such as marine training through a new site in Aberdeen. The acquisition was partly funded through an extension to its bank facilities and as part of the extension, the term of the facility has also been extended to April 2023.

The amounts stated in these financial statements reflect conditions existing as at the balance sheet date. The Group has a strong balance sheet and significant liquid assets. The Directors' view on the Group going concern has been disclosed in the strategic report and note 2 of the financial statements.

Approved by the Board on 7th May 2021 and signed on its behalf by:



P M M Sinclair
Director

Transforming Training with Technology Limited

Directors' Report

For the year ended 31 December 2020

The directors present their report and the consolidated financial statements for the year ended 31 December 2020.

Directors of the group

The directors who held office during the year were as follows:

M Somerville

G D Sword

K N Franklin

P M M Sinclair

Results and dividends

The loss for the year amounted to £11,007,635 (year ended 31 December 2019 £6,028,642). No dividend was declared or paid during the year or prior year.

Political contributions

The company/group made no political donations or incurred any political expenditure during the year (year ended 31 December 2019: £Nil).

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as each director is aware, there is no relevant audit information of which the company's and the Group's auditor is not aware; and
- Each director has taken all the steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all directors of Transforming Training with Technology Limited.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Transforming Training with Technology Limited

Directors' Report – continued

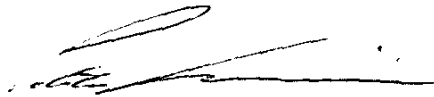
For the year ended 31 December 2020

Other matters

In accordance with section 414C(11) of the Companies Act 2006, information regarding financial risk management, objectives and policies, going concern, information on exposure to price risk, credit risk, liquidity risk and cashflow risks and future developments has been disclosed in the Strategic Report.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 7th May 2021 and signed on its behalf by:



P M M Sinclair
Director

Transforming Training with Technology Limited

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 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 loss of the company for that year.

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.

Independent Auditor's Report to the Members of Transforming Training with Technology Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of its loss 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.

We have audited the financial statements of Transforming Training With Technology Limited and its subsidiaries ("the Group") for the year ended 31 December 2020 comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity, and Consolidated Statement of Cash Flows, 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).

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

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 group or parent 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.

Other information

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

Independent Auditor's Report to the Members of Transforming Training with Technology Limited - continued

Other information (continued)

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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the group and the parent 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 by the group or the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the Members of Transforming Training with Technology Limited - continued

Extent to which the audit was capable of detecting irregularities, including fraud

Based on our understanding of the group and parent company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk were related to the posting of inappropriate journal entries to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the group audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations; and
- Assessing journals entries as part of our planned audit approach. Evaluation of management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considering that the principal risk were related to the posting of inappropriate journal entries to improve the result before tax for the year.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Newman (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK

Date: 7 May 2021

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

Transforming Training with Technology Limited

Consolidated Profit and Loss Account

For the year ended 31 December 2020

		Continued operations Year Ended 31 December 2020 £	Discontinued operations Year Ended 31 December 2020 £	Total Year Ended 31 December 2020 £	Continued operations Year Ended December 2019 £	Discontinued operations Year Ended 31 December 2019 £	Total Year Ended December 2019 £
Note							
Revenue	3	25,159,921	-	25,159,921	36,665,440	3,584,848	40,250,288
Cost of sales		(10,131,229)	-	(10,131,229)	(14,697,989)	(2,131,926)	(16,829,915)
Gross profit		15,028,692	-	15,028,692	21,967,451	1,452,922	23,420,373
Administrative expenses		(19,572,339)	-	(19,572,339)	(20,292,304)	(566,989)	(20,859,293)
EBITDA (before non-recurring items)		4,939,729	-	4,939,729	9,569,648	1,024,362	10,594,010
Depreciation	13	(1,322,979)	-	(1,322,979)	(1,067,202)	(59,629)	(1,126,831)
Amortisation	12	(5,495,841)	-	(5,495,840)	(5,177,575)	(76,530)	(5,254,105)
Non-recurring items	4	(917,756)	-	(917,756)	(1,649,724)	(2,269)	(1,651,993)
Other income	5	1,746,800	-	1,746,800	-	-	-
Operating profit/(loss)	5	(2,796,847)	-	(2,796,847)	1,675,147	885,934	2,561,079
Other interest receivable and similar income	6	17,134	-	17,134	27,527	-	27,527
Interest payable and similar charges	7	(8,250,276)	-	(8,250,275)	(8,960,396)	(669)	(8,961,065)
Profit on disposal of operations		-	-	-	-	1,132,254	1,132,254
(Loss)/profit before taxation		(11,029,988)	-	(11,029,988)	(7,257,722)	2,017,519	(5,240,204)
Taxation (charge)/credit	11	(613,917)	-	(613,917)	(788,439)	-	(788,439)
(Loss)/profit for the financial year		(11,643,905)	-	(11,643,905)	(8,046,161)	2,017,519	(6,028,642)
Loss attributable to:							
Shareholders of the parent company				(11,643,905)			(6,028,642)
Total loss				(11,643,905)			(6,028,642)

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Year Ended 31 December 2020 £	Year Ended 31 December 2019 £
Loss for the year	<u>(11,643,905)</u>	<u>(6,028,642)</u>
Total comprehensive loss for the year	<u>(11,643,905)</u>	<u>(6,028,642)</u>
Total comprehensive loss attributable to:		
Shareholders of the parent company	<u>(11,643,905)</u>	<u>(6,028,642)</u>
Total comprehensive loss	<u>(11,643,905)</u>	<u>(6,028,642)</u>

The notes on pages 21 to 53 form part of these financial statements.

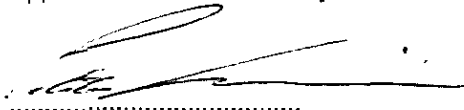
Transforming Training with Technology Limited

Consolidated Balance Sheet

At 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Fixed assets			
Intangible assets	12	59,542,640	63,260,106
Tangible assets	13	8,779,329	8,714,821
Investments	14	15,502	90,199
		<u>68,337,471</u>	<u>72,065,126</u>
Current assets			
Stocks	15	2,470,693	2,099,874
Debtors (due after one year - £218,796 (31 December 2019: £684,651))	16	8,952,215	8,718,216
Cash at bank and in hand		<u>6,757,828</u>	<u>3,984,227</u>
		18,180,736	14,802,317
Creditors: Amounts falling due within one year	17	<u>(10,771,548)</u>	<u>(6,844,934)</u>
Net current assets		<u>7,409,186</u>	<u>7,957,383</u>
Total assets less current liabilities		75,746,657	80,022,509
Creditors: Amounts falling due after more than one year	17	(101,344,103)	(94,648,928)
Provisions for liabilities	18	<u>(3,686,959)</u>	<u>(3,014,079)</u>
Net liabilities		<u>(29,284,403)</u>	<u>(17,640,498)</u>
Capital and reserves			
Called up share capital	20	525,000	525,000
Profit and loss account		<u>(29,809,403)</u>	<u>(18,165,498)</u>
Shareholders' deficit		<u>(29,284,403)</u>	<u>(17,640,498)</u>

Approved and authorised by the Board on 7th May 2021 and signed on its behalf by:



P M M Sinclair

Director

Company Registration Number: 10908456

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

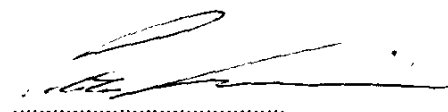
Company Balance Sheet

At 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Fixed assets			
Intangible assets	12	42,998	10,365
Tangible assets	13	9,517	3,984
Investments	14	<u>35,329,469</u>	<u>35,254,434</u>
		<u>35,381,984</u>	<u>35,268,783</u>
Current assets			
Debtors	16	3,758,470	2,810,536
Cash at bank and in hand		<u>96,970</u>	<u>43,489</u>
		3,855,440	2,854,025
Creditors: Amounts falling due within one year	17	<u>(9,552,983)</u>	<u>(7,223,694)</u>
Net current liabilities		<u>(5,697,542)</u>	<u>(4,369,668)</u>
Total assets less current liabilities		29,684,442	30,899,114
Creditors: Amounts falling due after more than one year	17	(29,313,615)	(27,989,686)
Provisions for liabilities		<u>(1,808)</u>	<u>-</u>
Net assets		<u>369,019</u>	<u>2,909,428</u>
Capital and reserves			
Called up share capital		525,000	525,000
Profit and loss account		<u>(155,981)</u>	<u>2,384,428</u>
Shareholders' funds		<u>369,019</u>	<u>2,909,428</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £2,540,409 (profit after tax for year ended 31 December 2019: £4,495,930)).

Approved and authorised by the Board on 7th May 2021 and signed on its behalf by:



P M M Sinclair

Director

Company Registration Number: 10908456

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2019	525,000	(12,136,856)	(11,611,856)
Loss for the year	-	(6,028,642)	(6,028,642)
Total comprehensive loss	-	(6,028,642)	(6,028,642)
At 31 December 2019	525,000	(18,165,498)	(17,640,498)
	Called up share capital £	Profit and loss account £	Total £
At 1 January 2020	525,000	(18,165,498)	(17,640,498)
Loss for the year	-	(11,643,905)	(11,643,905)
Total comprehensive loss	-	(11,643,905)	(11,643,905)
At 31 December 2020	525,000	(29,809,403)	(29,284,403)

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2019	525,000	(2,111,502)	(1,586,502)
Profit for the year	-	4,495,930	4,495,930
At 31 December 2019	525,000	2,384,428	2,909,428

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2020	525,000	2,384,428	2,909,428
Loss for the year	-	(2,540,409)	(2,540,409)
At 31 December 2020	525,000	(155,981)	369,019

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flows from operating activities			
Loss for the year		(11,643,905)	(6,028,642)
Adjustments for:			
Depreciation	13	1,322,979	1,126,831
Amortisation	12	5,495,841	5,254,105
Profit on disposal of operation		-	(1,132,254)
Interest receivable and similar income	6	(17,134)	(27,527)
Interest payable and similar charges	7	8,250,276	8,961,066
Taxation	11	613,917	788,439
		<u>4,021,974</u>	<u>8,942,018</u>
Working capital adjustments			
(Increase)/decrease in stock	15	(370,818)	521,335
(Increase)/decrease in trade and other debtors	16	(234,000)	1,880,845
Increase/(decrease) in trade and other creditors	17	<u>3,856,469</u>	<u>(2,930,652)</u>
Cash generated from operations		7,273,625	8,413,544
Income taxes paid		<u>-</u>	<u>(359,734)</u>
Net cash flow from operating activities		<u>7,273,625</u>	<u>8,053,810</u>
Cash flows from investing activities			
Interest received		17,134	27,527
Purchase of tangible fixed assets	13	(1,387,487)	(1,560,815)
Purchase of intangible assets	12	(1,778,376)	(2,108,435)
Proceeds from disposal of subsidiaries		-	10,850,000
Cash disposed of with business operation		-	(714,242)
Acquisition costs from disposal of subsidiaries		-	(92,542)
Cash paid for investments in associate undertakings	14	(75,035)	(55,000)
		<u>-</u>	<u>-</u>
Net cash (outflows)/inflows from investing activities		<u>(3,223,764)</u>	<u>6,346,493</u>

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

Consolidated Statement of Cash Flows - continued

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flows from financing activities			
Interest paid	7	(1,267,067)	(1,771,607)
Repayment of bank loan		(3,000,000)	(3,000,000)
Proceeds from bank loan		3,000,000	-
Proceeds from issue of loan notes		-	-
Proceeds from issue of intercompany loan notes		-	26,951
Repayment of loan notes due to group undertakings		-	(7,689,802)
Proceeds from intercompany loans		-	-
Payments of finance lease liabilities		<u>(9,193)</u>	<u>(94,192)</u>
Net cash outflows from financing activities		<u>(1,276,260)</u>	<u>(12,528,650)</u>
Net increase in cash and cash equivalents		2,773,601	1,871,655
Cash and cash equivalents at start of the year		<u>3,984,227</u>	<u>2,112,572</u>
Cash and cash equivalents at end of year		<u>6,757,828</u>	<u>3,984,227</u>

The notes on pages 21 to 53 form part of these financial statements.

Transforming Training with Technology Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1 General information

Transforming Training with Technology Limited ("the company") is a private company limited by share capital and incorporated and domiciled in the UK.

The address of its registered office is:

Hurn View House

5 Aviation Park West

Bournemouth International Airport

Christchurch

Dorset

BH23 6EW

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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"). The presentation currency of these financial statements is Sterling.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The Group and Company have applied FRS 102 (March 2019) in these financial statements, which includes the amendments as a result of the Triennial Review 2017. The December 2017 amendments to FRS 102 are mandatory for accounting years beginning on or after 1 January 2020, but may be applied early. The Directors took the option to apply the amendments to FRS102 early in the preparation of the prior year financial statements for the year ended 31 December 2019.

Summary of disclosure exemptions

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12 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 year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Summary of disclosure exemptions (continued)

As the consolidated financial statements of Transforming Training with Technology Limited include the disclosures equivalent to those required by FRS 102, the company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- 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.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up for the year ended 31 December 2020 (prior year being from 1 January 2019 to 31 December 2019).

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group. Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

A joint venture is a contractual arrangement undertaking in which the group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a year of at least 12 months from the date of signing the accounts which show that the group is able to meet all its liabilities as they fall due including a detailed going concern stress test for Transforming Training With Technology Limited for which further detail is given within note 1 to the financial statements. In addition, as part of the acquisition of Petrofac's UK training business which completed on 1 April 2021, the Group has negotiated an extension to its funding to 2023.

The directors have produced a detailed going concern stress test for Transforming Training With Technology Limited. The conclusion of our stress test for the Group is that the business could sustain the loss of more than £11.1m (24.2%) of turnover versus our previous projections over the course of the 12 months following the date of the financial statements, without breaching covenants related to the group's current banking facilities. In the event that such a loss of turnover materialises, the group may need to secure waivers to certain covenants or obtain extra funding from shareholders.

Having completed this the directors are confident of being able to trade for at least 12 months from the approval of the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Revenue on maintenance contracts is recognised on a monthly basis over the term of the contract and technical support revenue is recognised at the time the work is completed for the customer.

The revenue and costs of portable simulators are recognised in full on the date of shipment. Risk is considered to have been transferred to the customer at this date. With regards to larger simulators, revenues and costs are reviewed at the point of factory acceptance under the terms and condition of the sale regarding the transfer of the risks and rewards. At this date a proportion of revenue and costs are recognised based on the level of costs spent as a proportion of estimated total costs. Although the majority of risk has been transferred to the customer at this point, installation and training costs and revenues are still to be incurred by the company. All remaining costs and revenues are not recognised until the point of final acceptance from the customer.

For other goods sold, revenue is recognised when the goods are physically delivered to the customer. For training services, revenue is recognised when the training course has been delivered to the customer.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Revenue recognition - continued

Revenue in relation to finance lease contracts are recognised at the fair value of the contract at the commencement of the lease term, or, if lower, the present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest. On a case-by-case basis any performance obligations within a finance lease are assessed to ensure revenue for each performance obligation is recognised appropriately and in the appropriate accounting year. The cost of sale recognised at the commencement of the lease term is the cost, or carrying amount if different, of the leased asset less the present value of the unguaranteed residual value. The difference between the sales revenue and the cost of sale is the selling profit, which is recognised in accordance with the entity's policy for outright sales. Initial direct costs (costs that are incremental and directly attributable to negotiating and arranging a lease) are included in the initial measurement of the finance lease receivable and revenue recognition. Interest income on the finance lease receivable is recognised over the length of the lease on a straight line basis in the profit and loss account, calculated at the market rate of interest.

Revenue in relation to operating lease contracts are recognised over the life of the lease term, on a straight-line basis to the profit and loss account. The associated tangible fixed asset is capitalised within the balance sheet.

Revenue for hardware and software upgrades are installed on site. Revenue and costs are recognised in the year in which the upgrade is installed/commissioned and signed off by the customer.

Revenue on integration advisory services are recognised using the percentage of completion method as services are provided (according to criteria applied on a consistent basis). Under the percentage of completion method, the extent of progress towards completion is measured based on actual costs incurred to total estimated costs. Losses on contracts are recognised during the year in which the loss first becomes probable and can be reasonably estimated.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The balance sheets of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date and the profit and loss account is translated at an average rate for the year of the financial statements. The exchange differences arising on the retranslation of opening net assets is taken directly to other comprehensive income. All other translation differences are taken to the profit and loss account.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 group operates and generates taxable income.

Deferred corporation tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred corporation tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses arising from an annual review.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	20 years straight line
Fixtures, fittings and office equipment	3 to 6 years straight line
Motor vehicles	4 years straight line
Plant and machinery	3 to 6 years straight line

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Intangible assets - continued

Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting year date.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on research and activities is recognised in the profit and loss account as an expense when incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development related expenditure which doesn't qualify for capitalisation are recognised in the profit and loss account as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	20 years straight line
Orderbook	1 year straight line
Customer relationships	5-10 years straight line
Technology	10 years straight line
Development costs	Over its useful economic life of five years
Computer software	Up to 5 years straight line

Amortisation on intangible assets commences at the point the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment in value arising from an annual review.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price less attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes all costs incurred in bringing each product to its present location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

At the end of each reporting year inventories are assessed for impairment, based on condition, aging and usage in the year. When a reversal of impairment is recognised the impairment charge is reversed, up to the original loss and recognised as a credit in the profit and loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting year, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price plus attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies - continued

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The group typically provides a product warranty to customers as part of the sales contract. A provision is made at the balance sheet date to cover costs expected to be incurred under such product warranty claims. Historic warranty costs have been very low, and the directors anticipate that this is likely to continue.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the year of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant yearic rate of interest on the remaining balance of the liability.

Amendments have been made to Section 20 Leases, of FRS 102 which require entities to recognise changes in operating lease payments that arise from COVID-19-related rent concessions on a systematic basis over the periods that the change in lease payments is intended to compensate. The FRC considers that this would best reflect the economic substance of the benefit of these concessions and their temporary nature and improve the consistency of reporting for users of financial statements. The requirements only apply to temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic, when any reduction in lease payments affects only payments originally due on or before 30 June 2021. The effective date for these amendments is accounting periods beginning on or after 1 January 2020, hence entities impacted by this are expected to update their accounting policies and reflect disclosures in the financial statements, accordingly.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

2 Accounting policies – continued

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting year in which the dividends are declared and approved.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Research and Development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to administrative expenses on a straight line basis over their expected useful economic lives. Research and development tax credits are included within the other operating income within the statement of comprehensive income

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or "CGU" that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

Borrowings

Interest-bearing borrowings (including loan notes due to group undertakings) are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the year / year of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

During the year, income received from the Coronavirus Job Retention Scheme has been accounted for in accordance with the above within other operating income.

Judgements in applying accounting policies and key sources of estimation

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are noted below:

Amortisation and depreciation - The company establishes a reliable estimate of the useful lives of tangible and intangible fixed assets.

Revenue recognition - Where additional costs are expected to be incurred, a proportion of the revenue and costs of sales are recognised in the profit and loss account based on the level of costs to date compared to the estimated total costs.

Warranty costs - Warranty provisions are provided to cover expected costs to be incurred against warranties included to customers as part of the sales contracts. These are based on a combination of specific items where possible and past experience.

Bad debt provision - The directors have completed a review of the trade debtor balances to determine which balances are unlikely to be received and a provision has been accounted for where necessary.

Stock provision - In estimating net realisable values of inventories, management takes into account the most reliable evidence available at the year end. During the year, the company adopted a policy of providing for inventory when it reaches a certain age and also for any inventory where there are specific quality concerns. This judgement takes into account forecast sales and product quality issued based on historical data.

Transforming Training with Technology Limited

Notes to the Financial Statements – continued

Judgements - continued

Finance leases - Management exercises judgement in determining the classification of leases as finance or operating leases at inception of the lease. Management considers the likelihood of exercising break clauses or extension options in determining the lease term. Where the lease term constitutes substantially all of the economic life of the asset, or where the present value of minimum lease payments amount to substantially all of the fair value of the property, the lease is classified as a finance lease. All other leases are classified as operating leases.

Business Combinations – determine whether the acquired intangible assets are identifiable in terms of being separable and arise from contractual or legal rights. This has been determined on a basis that reflects an amount that the group would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value could not be measured reliably, the asset is not recognised as a separate intangible asset, but is included in goodwill.

Dilapidation provisions - As part of the company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the profit and loss as the obligation arises. The provision is expected to be utilised as the leases terminate.

Development costs – development costs are capitalised in line with the company's accounting policy. Management assess the recoverability of these costs throughout the financial year with reference to the associated products to ensure economic benefit is still being generated from these products.

Impairment of group's tangible and intangible assets – determine whether there are indicators of impairment of the group'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. Growth rates between 1.5% and 3% and discount rates between 11% to 13% have been applied in reviewing the fair value of such assets.

Transforming Training with Technology Limited

Notes to the Financial Statements – continued

3 Revenue

The analysis of the group's revenue for the year by market is as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
UK	19,597,368	28,137,315
Rest of world	5,562,553	12,112,973
	<u>25,159,921</u>	<u>40,250,288</u>

The analysis of the group's turnover for the year by class of business is as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Training	16,156,015	23,815,931
Simulation products	8,111,008	14,149,537
Software development	892,898	296,270
Manufacturing	-	1,988,550
	<u>25,159,921</u>	<u>40,250,288</u>

4 Non-recurring items

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Non-recurring costs	917,756	1,651,994
	<u>917,756</u>	<u>1,651,994</u>

Non-recurring costs relate to redundancy and restructuring costs and costs incurred as a result of COVID-19, which are deemed to be non-recurring costs during the year ended 31 December 2020. Non-recurring costs related to redundancy and integration costs following acquisitions within the wider 3T Energy Group during the year ended 31 December 2019.

Transforming Training with Technology Limited

Notes to the Financial Statements – continued

5 Operating loss

Group

The operating loss is stated after charging

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Depreciation of tangible fixed assets	1,322,979	1,126,831
Amortisation of intangible assets, including goodwill	5,495,840	5,254,105
Foreign exchange gain/(loss)	300,378	(111,757)
Government grant received for furlough	(1,459,899)	-
R&D Tax credit	(250,242)	(257,099)
Operating lease expense - property	1,695,332	1,935,947
Defined contribution pension costs	294,596	225,651
Loss on disposal of tangible fixed assets	-	8,009

Government grants received for furlough and R&D Tax credit income have been included within other operating income within the profit and loss account. Fees payable to Group auditors have been disclosed in note 10.

Company

The company had a loss of £3,171,199 for the year (profit of £4,495,930 during the year ended 31 December 2019).

6 Interest receivable and similar income

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Bank interest receivable	-	505
Other interest receivable – finance income from finance leases	17,134	27,022
	<u>17,134</u>	<u>27,527</u>

7 Interest payable and similar charges

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Bank interest payable	1,267,067	2,033,811
Finance lease interest payable	3,413	5,272
Loans notes owed to group undertakings interest payable	6,488,871	6,554,667
Other loan interest payable	-	21,633
Foreign exchange on bank loans	200,966	(234,215)
Amortisation of debt issue costs	289,959	579,898
	<u>8,250,276</u>	<u>8,961,066</u>

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 (restated) £
Wages and salaries	10,195,458	12,036,490
Social security costs	760,416	762,394
Pension costs, defined contribution scheme	294,596	252,327
	<u>11,250,470</u>	<u>13,051,211</u>

As at 31 December 2020, staff costs included in work in progress amounted to £39,079 (31 December 2019: £399,217).

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Sales, production and software development	91	97
Administration and support	20	34
Training	<u>170</u>	<u>167</u>
	<u>281</u>	<u>298</u>

Payroll costs of £1,134,550 (year ended 31 December 2019: £657,456) included in the above were capitalised during the year within Software in note 12.

There were 10 persons employed by the company (including directors) during the year (year ended 31 December 2019: 11).

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

9 Directors' remuneration

The directors' remuneration of Transforming Training with Technology Limited paid by the group during the year was as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Remuneration	363,150	251,915
Contributions paid to money purchase pension schemes	12,800	3,249
	<u>379,950</u>	<u>255,165</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Accruing benefits under money purchase pension scheme	-	-

In respect of the highest paid director:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Remuneration	211,150	211,150
Group contributions to money purchase pension schemes	-	-
Other costs	-	-

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

10 Auditor's remuneration

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Audit of group financial statements	10,000	10,000
Audit of subsidiary financial statements	63,000	66,000
	<u>73,000</u>	<u>76,000</u>

Amounts receivable by the company's auditor and its associates in respect of:

Taxation compliance services	32,740	33,875
Audit-related assurance services	-	-
Other tax advisory services	86,100	63,950
	<u>118,840</u>	<u>97,825</u>

11 Taxation

Tax credited in the profit and loss account

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Current taxation		
UK Corporation tax	-	513,334
Foreign tax	236,195	167,752
Adjustments in respect of prior years	(251,539)	32,541
Total current tax charge/(credit)	<u>(15,344)</u>	<u>713,627</u>
Deferred taxation (see note 20)		
Arising from origination and reversal of timing differences	262,775	(251,345)
Adjustments in respect of prior years	261,901	326,157
Effect of tax rate change on opening balance	104,585	-
Total deferred tax charge	<u>629,261</u>	<u>74,812</u>
Tax charged in the profit and loss account	<u>613,917</u>	<u>788,439</u>

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

11 Taxation – continued

Reconciliation of effective tax rate

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Loss before tax	(11,029,988)	(5,240,203)
Corporation tax at standard rate of 19%	(2,095,698)	(995,638)
Effect of expense not deductible in determining taxable profit	1,686,420	2,281,963
Effect of foreign tax rates	1,967	21,110
Adjustments in respect of prior years	10,362	358,698
Remeasurement of deferred tax for changes in tax rates	323,011	(14,810)
Deferred tax not recognised	7,828	(167,383)
Transfer pricing adjustment	-	338,099
Transfer out of fixed assets	-	(133,741)
Income not taxable for tax purposes	(101,735)	(1,782,758)
Research & development credits	(46,919)	-
Group relief	828,681	882,899
Total tax charge	613,917	788,439

In the Spring Budget 2021, the Government announced that from April 2023, the main rate of corporation tax will increase to 25%. As this new law has not been substantively enacted at the balance sheet date, its effects are not included in the financial statements.

Deferred tax balances at 31 December 2020 have been re-measured to 19% (2019: 17%), being the rate substantively enacted at the balance sheet date.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

12 Intangible assets

Group

Cost or valuation

	Goodwill £	Orderbook £	Customer relationships £	Technology £	Software £	Total £
At 1 January 2020	55,106,088	1,056,000	4,540,000	9,315,866	4,262,998	74,280,952
Additions	-	-	-	-	1,778,376	1,778,376
Disposals	-	-	-	-	-	-
At 31 December 2020	55,106,088	1,056,000	4,540,000	9,315,866	5,792,892	76,059,328

Amortisation

At 1 January 2020	(5,518,879)	(1,056,000)	(887,641)	(2,046,938)	(1,511,389)	(11,020,847)
Amortisation charge	(2,836,896)	-	(454,000)	(931,587)	(1,273,358)	(5,495,841)
On disposals	-	-	-	-	-	-
At 31 December 2020	(8,355,775)	(1,056,000)	(1,341,641)	(2,978,525)	(2,660,506)	(16,516,688)

Carrying amount

At 31 December 2020	46,750,313	-	3,198,359	6,337,341	3,256,627	59,542,640
At 31 December 2019	49,587,209	-	3,652,359	7,268,928	2,751,609	63,260,106

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

Amortisation and impairment charge

The whole amortisation charge above totalling £5,495,841 (Year ended 31 December 2019: £5,454,105) has been recognised in administrative expenses in the profit and loss account.

The following intangible assets have been material to the Group's financial statements in the year and the remaining useful life of these assets as at the year end are:

Intangible asset	Remaining useful life
Orderbook	0 years
Customer relationships	6.25 years
Technology	6.25 years

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Impairment review

The group reviews the amortisation year and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS102 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

The directors have determined whether there are indicators of impairment of the Group'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. Growth rates between 1.5% and 3% and discount rates between 11% to 13% have been applied in reviewing the fair value of such assets.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

13 Tangible assets

Group

	Leasehold improvements £	Furniture, fittings and office equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 January 2020	6,836,809	552,599	127,256	2,384,453	9,901,117
Additions	180,346	242,851	-	964,290	1,387,487
Disposal	-	-	-	-	-
At 31 December 2020	<u>7,017,155</u>	<u>795,450</u>	<u>127,256</u>	<u>3,348,743</u>	<u>11,288,604</u>
Depreciation					
At 1 January 2020	(749,932)	(49,897)	(17,449)	(369,019)	(1,186,296)
Charge for the year	(364,231)	(212,823)	(5,481)	(740,444)	(1,322,979)
Disposals	-	-	-	-	-
At 31 December 2020	<u>(1,114,163)</u>	<u>(262,720)</u>	<u>(22,930)</u>	<u>(1,109,463)</u>	<u>(2,509,275)</u>
Carrying amount					
At 31 December 2020	<u>5,902,992</u>	<u>532,730</u>	<u>104,326</u>	<u>2,239,280</u>	<u>8,779,329</u>
At 31 December 2019	<u>6,086,877</u>	<u>502,702</u>	<u>109,807</u>	<u>2,015,434</u>	<u>8,714,821</u>

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

14 Investments

Company

Cost	£
At 1 January 2020	35,254,434
Additions	75,035
At 31 December 2020	<u>35,329,469</u>
Carrying amount	
At 31 December 2020	<u>35,329,469</u>
At 31 December 2019	<u>35,254,434</u>

Group

	2020 £	2019 £
Investments in associates	<u>15,502</u>	<u>90,199</u>

Subsidiaries

Cost	£
At 1 January 2020	90,199
Additions/(Disposals)	(74,697)
At 31 December 2020	<u>15,502</u>
Carrying amount	
At 31 December 2020	<u>15,502</u>
At 31 December 2019	<u>90,199</u>

All subsidiary companies registered in the UK and listed on the following page under the Companies Act 2006 are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006. The registered company number of each relevant subsidiary has been listed on the following page.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	UK Company Number	Registered office (see below)	Holding	Proportion of voting rights and shares held	2020
Subsidiary undertakings					
Survivex Group Limited	SC467255	UK (5)	Ordinary	100%	
Survivex Limited	SC357717	UK (5)	Ordinary	100%	
Survivex TMS Limited	SC467482	UK (5)	Ordinary	100%	
Rigex Limited	SC466107	UK (5)	Ordinary	100%	
3T Transform Limited	09314258	UK (7)	Ordinary	100%	
Advanced Industrial Solutions Limited	05982756	UK (1)	Ordinary	100%	
DS UK Topco Limited	09505117	UK (1)	Ordinary	100%	
DS UK Midco 1 Limited	09505116	UK (1)	Ordinary	100%	
DS UK Midco 2 Limited	09506608	UK (1)	Ordinary	100%	
Drilling Systems Group Limited	09503545	UK (1)	Ordinary	100%	
Drilling Systems Limited	02295138	UK (1)	Ordinary	100%	
Drilling Systems (USA) Inc		USA (3)	Ordinary	100%	
Drilling Systems (UK) Limited	02509111	UK (1)	Ordinary	100%	
DS Sheet Metal Limited	05162610	UK (2)	Ordinary	100%	
D.S. 2000 Limited	03838137	UK (1)	Ordinary	100%	
DSG International DMCC		UAE (4)	Ordinary	100%	
3T Energy Technology (Tianjin) Co., Ltd		China (6)	Ordinary	66%	

The registered addresses for the subsidiary undertakings are as follows:

1. Hurn View House, 5 Aviation Park West, Bournemouth International Airport, Christchurch, Dorset, BH23 6EW
2. 26 Balena Close, Creekmoor Trading Estate, Poole, Dorset, BH17 7EB
3. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
4. Unit 3401-D, Gold Tower (AU), Plot Number JLT-PH1-I3A, Jumeirah Lakes Towers, Dubai, UAE

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

5. Kirkhill Commercial Park Dyce Avenue, Dyce, Aberdeen, AB21 0LQ
6. Room 1402, Shuang Chuang Building, Yu Jia Pu, TEDA, 300457, Tianjin
7. Cobalt 13a, 9 Silver Fox Way, Cobalt Business Park, Newcastle upon Tyne, NE27 0Q

Transforming Training with Technology Limited only directly holds the share capital of DS UK Topco Limited, Advanced Industrial Solutions Limited, 3T Transform Limited and Survivex Group Limited.

The share capital of Survivex Limited, Survivex TMS Limited and Rigex Limited are held by Survivex Group Limited.

The share capital of DS UK Midco 1 is held by DS UK Topco Limited.

The share capital of DS UK Midco 2 is held by DS UK Midco 1 Limited.

The share capital of Drilling Systems Group Limited is held by DS UK Midco 2 Limited.

The share capital of Drilling Systems (USA) Inc, Drilling Systems Limited and DSG International DMCC, are held by Drilling Systems Group Limited.

The share capital of Drilling Systems (UK) Limited and DS Sheet Metal Limited are held by Drilling Systems Limited.

The share capital of Drilling Systems International is held by DSG International DMCC.

The share capital of D.S. 2000 Limited is held by Drilling Systems (UK) Limited.

The principal activity of DS UK Midco 1 Limited, DS UK Midco 2 Limited, Drilling Systems Group and Survivex Group Limited is a holding company.

The principal activity of Drilling Systems (USA) Inc is a sales branch.

The principal activity of Drilling Systems (UK) Limited is specialist software, control systems, simulation equipment and consultancy.

The principal activity of DS Sheet Metal Limited is sheet metal fabrication. This company ceased trading 30 June 2020.

The principal activity of Drilling Systems International is a dormant company.

The principal activity of D.S. 2000 Limited is a service company. The company ceased trading during the year ended 30 September 2020.

The principal activity of DSG International DMCC is a trading company.

The principal activity of Survivex Limited, Survivex TMS Limited, Rigex Limited, 3T Energy Technology (Tianjin) Co., Ltd and Advanced Industrial Solutions Limited is the provision of training services to the Energy sector.

The principal activity of 3T Transform Limited (Formerly Neutron VR Limited) is the development of software.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

15 Stocks

Group

	31 December 2020 £	31 December 2019 £
Raw materials	671,399	728,950
Work in progress	1,471,990	594,626
Finished goods	327,303	776,298
	<u>2,470,692</u>	<u>2,099,874</u>

16 Debtors

Group

	31 December 2020 £	31 December 2019 £
Trade debtors	5,895,654	5,909,570
Amounts owed by group undertakings	501,186	592,890
Other debtors	694,404	121,815
Prepayments	961,852	670,730
Corporation tax	-	-
Finance lease debtor	403,451	831,020
Accrued income	495,668	592,192
	<u>8,952,215</u>	<u>8,718,216</u>
Less non-current portion	<u>(218,796)</u>	<u>(684,651)</u>
Due within one year	<u>8,733,419</u>	<u>8,033,565</u>

Details of non-current trade and other debtors

Group

£Nil (31 December 2019: £237,500) of accrued income and £218,796 (31 December 2019: £447,151) of finance lease debtors are classified as non-current.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

16 Debtors (continued)

Company

	31 December 2020 £	31 December 2019 £
Amounts owed by group undertakings	3,572,142	2,538,740
Other debtors	14,789	13,710
Corporation tax debtor	186,329	258,086
	<u>3,758,470</u>	<u>2,810,536</u>

Group

	31 December 2020 £	31 December 2019 £
Finance lease receivables		
Due in less than one year	218,796	262,756
Due in one to two years	197,072	247,086
Due in two to three years	-	200,065
Due in three to four years	-	-
Due in four to five years	-	-
	<u>415,868</u>	<u>709,907</u>
Total undiscounted lease payments receivable		
	<u>415,868</u>	<u>709,907</u>
Unearned finance income	(12,417)	(28,887)
	<u>403,451</u>	<u>681,020</u>
Net investment in the lease		
	<u>403,451</u>	<u>681,020</u>

17 Creditors

	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2019 £
Due within one year				
Trade creditors	2,811,947	84,325	1,522,461	161,869
HP creditor	8,875	-	21,483	-
Amounts due to group undertakings	-	8,767,253	-	6,266,475
Loans due to group undertakings	-	-	-	-
Corporation tax	189,057	(48,167)	421,149	-
Social security and other taxes	2,460,300	134,731	675,853	-
Other creditors	575,819	13,064	711,411	42,330
Accruals and deferred income	4,725,550	601,777	3,492,577	753,020
	<u>10,771,548</u>	<u>9,552,983</u>	<u>6,844,934</u>	<u>7,223,694</u>

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

17 Creditors (continued)

Due after one year	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2019 £
Loans and borrowings	13,389,571	13,389,571	13,473,226	13,473,226
Debt issue costs	(318,522)	(318,522)	(608,481)	(608,481)
Loan notes due to group undertakings	82,420,789	15,369,991	75,944,848	14,238,846
Accruals	5,852,265	872,575	4,368,045	886,095
	<u>101,344,103</u>	<u>29,313,615</u>	<u>94,648,928</u>	<u>27,989,686</u>

Accruals due after one year relate to accrued interest on the loan notes due to group undertakings. This is added to the principal amount on 31 March each year. Accruals less than one year include £53,528 of accrued interest on loans due to group undertakings.

Net Debt - Group

	01 January 2020 £	Cash flows £	Other non-cash changes 31 December 2020 £	
Cash at bank	3,984,227	2,773,601	-	6,757,828
Overdrafts	-	-	-	-
Bank loans	(12,864,745)	-	(524,826)	(13,389,571)
Loan notes due to group undertakings	(81,784,183)	-	(3,067,956)	(84,852,139)
Net debt	<u>(90,664,701)</u>	<u>2,773,601</u>	<u>(3,592,782)</u>	<u>(91,483,883)</u>

18 Deferred tax and other provisions

Group

	Deferred tax £	Warranties and other provisions £	Dilapidations £	Total £
At 1 January 2020	2,483,964	70,000	460,117	3,014,081
Recognised in the profit and loss account	629,261	26,000	-	655,261
Provisions released	17,615	-	-	17,615
At 31 December 2020	<u>3,130,840</u>	<u>96,000</u>	<u>460,117</u>	<u>3,686,957</u>

The warranty provision relates to product warranties provided by the group to its customers as part of the sales contracts.

The dilapidation provision relates to estimated contractual obligations of restoring operating leases back to the original state of the asset.

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

18 Deferred tax and other provisions (continued)

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	(Asset)/liabilities 2020 £	(Asset)/liabilities 2019 £
Accelerated capital allowances	1,506,077	648,723
Tax losses carried forward	(187,020)	(50,641)
Arising on business combinations	1,811,783	1,885,612
Net tax liability	<u>3,130,840</u>	<u>2,483,694</u>

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £294,596 (year ended 31 December 2019: £252,328).

Contributions totalling £75,666 (31 December 2019: £62,949) were payable to the scheme at the end of the year and are included in creditors.

20 Called up share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>

Rights, preferences and restrictions

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.

Transforming Training with Technology Limited

Notes to the Financial Statements – continued

21 Loans and borrowings

Group

	31 December 2020 £	31 December 2019 £
Non-current loans and borrowings		
Long term bank loans	13,389,571	13,473,226
Loan notes owed to group undertakings	<u>82,420,789</u>	<u>77,108,400</u>

The intercompany loan notes held as at 31 December 2020 are held by 3T Energy Subco Limited. The notes are repayable on 31 March 2024 and carry an interest rate of 8% per annum. Interest is calculated in arrears up to 31 March and is payable on 31 March each year by way of payment in kind notes. The amount on interest accrued as at 31 December 2020 on these notes amount to £4,787,777 (31 December 2019: £4,481,063).

The bank loans include a bank loan of £7,569,980, which is repayable on 30 April 2022. For the year interest is charged at 1% above base rate (LIBOR) per annum and is payable in 6 monthly instalments by way of payment in kind notes. Interest accrued as payment in kind notes as at 31 December 2020 is £12,651 (31 December 2019: £12,526). Interest is charged at 6% above base rate (LIBOR) per annum on the principal amount plus any payment in kind notes and is payable at 6 monthly instalments from 31 March 2020. Interest accrued as at 31 December 2020 is £76,641 (31 December 2019: £90,190).

The bank loans include a bank loan of \$7,919,298, which is repayable on 30 April 2022. For the year interest is charged at 1% above base rate (LIBOR) per annum and is payable in 6 monthly instalments by way of payment in kind notes. Interest accrued as payment in kind notes as at 31 December 2020 is \$13,419 (31 December 2019: \$13,285). Interest is charged at 6% above base rate (LIBOR) per annum on the principal amount plus any payment in kind notes and is payable quarterly from 31 March 2020. Interest accrued as at 31 December 2020 is \$83,817 (31 December 2019: \$119,561).

The Group has a revolving credit facility of £3,000,000. Interest is charged at 4.25% above base rate (LIBOR) based upon drawn down amounts. No amounts were drawn down at 31 December 2020 (31 December 2019: £nil). The facility is committed until 31 January 2022.

This revolving credit facility is secured against assets of the companies listed in note 23.

Transforming Training with Technology Limited

Notes to the Financial Statements – continued

22 Obligations under operating leases

Group

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 December 2020 £	31 December 2019 £
Not later than one year	1,891,638	1,775,314
Later than one year and not later than five years	6,406,187	6,348,025
Later than five years	<u>16,285,270</u>	<u>17,501,020</u>
	<u>24,583,095</u>	<u>25,624,359</u>

23 Contingent liabilities

The following companies are guarantor in relation to the revolving credit facility of £3,000,000 (interest rate is 4.25% above base rate (LIBOR) based upon drawn down amounts) where the original borrower is Transforming Training With Technology Limited:

- 3T Energy Subco Limited
- 3T Transform Limited (Formerly Neutron VR Limited)
- Advanced Industrial Solutions Limited
- Survivex Limited
- Survivex Group Limited
- Survivex TMS Limited
- DS UK Topco Limited
- DS UK Midco 1 Limited
- DS UK Midco 2 Limited
- Drilling Systems (U.K) Limited
- D S Sheet Metal Limited
- Drilling Systems Limited
- Drilling Systems Group Limited
- D.S. 2000 Limited
- Drilling Systems (USA) Inc

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

24 Related party transactions

Group

Summary of transactions with parent

The company and group have taken advantage of the exemptions in section 33.1A of FRS 102 from disclosing transactions with other members of the group whose financial statements have been included in these consolidated financial statements.

Loan Notes:

During the year, loan notes of £Nil (31 December 2019: £91,040) were issued by 3T Energy Subco Limited to directors of the company. The loan notes are repayable on 31 March 2024 and carry an interest rate of 8% per annum. Interest is calculated in arrears up to 31 March and is payable on 31 March each year by way of payment in kind notes. PIK notes of £9,678 (31 December 2019: £9,888) were issued and notes of £Nil (31 December 2019: £17,507) were repaid. At 31 December 2020, the amount owed to directors was £286,110 (31 December 2019: £276,432) and accrued interest was £17,245 (31 December 2019: £4,225).

During the year, loan notes of £39,367 (31 December 2019: £Nil) were issued by 3T Energy Subco Limited to management. The loan notes are repayable on 31 March 2024 and carry an interest rate of 8% per annum. Interest is calculated in arrears up to 31 March and is payable on 31 March each year by way of payment in kind notes. PIK notes of £234,911 (31 December 2019: £528,922) were issued and notes of £Nil (31 December 2019: £359,902) were repaid. At 31 December 2020, the amount owed to management was £6,959,234 (31 December 2019: £6,886,924) and accrued interest was £397,248 (31 December 2019: £101,741).

During the year, loan notes of £nil (31 December 2019: £Nil) were issued by 3T Energy Subco Limited to Drilling Systems Guernsey Limited. The loan notes are repayable on 31 March 2024 and carry an interest rate of 8% per annum. Interest is calculated in arrears up to 31 March and is payable on 31 March each year by way of payment in kind notes. PIK notes of £2,564,343 (31 December 2019: £5,421,585) were issued and notes of £Nil (31 December 2019: £3,829,429) were repaid. At 31 December 2020, the amount owed to Drilling Systems Guernsey Limited was £75,955,408 (31 December 2019: £73,391,066) and accrued interest was £4,578,134 (31 December 2019: £1,116,629).

Transforming Training with Technology Limited

Notes to the Financial Statements - continued

24 Related party transactions - continued

Purchases of rent:

During the current and prior year, the group made purchases of rent totalling £196,465 from related parties. The related parties were related by virtue of their influence over the group. At year end £Nil, (31 December 2019: £Nil) was owed to this related party in respect of these transactions.

Key management personnel

Key management personnel include all directors of the group, who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £832,649 (31 December 2019: £886,591). There were £0 amounts outstanding as at the year end (31 December 2019: £137,878).

25 Financial instruments

Group

Categorisation of financial instruments

	31 December 2020 £	31 December 2019 £
Financial assets that are debt instruments measured at amortised cost	14,748,190	12,031,713
	<u>14,748,190</u>	<u>12,031,713</u>
Financial liabilities measured at amortised cost	107,016,334	98,607,245
	<u>107,016,334</u>	<u>98,607,245</u>

Company

Categorisation of financial instruments

	31 December 2020 £	31 December 2019 £
Financial assets that are debt instruments measured at amortised cost	3,735,542	2,595,939
	<u>3,735,542</u>	<u>2,595,939</u>
Financial liabilities measured at amortised cost	37,729,922	35,821,862
	<u>37,729,922</u>	<u>35,821,862</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals and amounts owed by group undertakings.

Transforming Training with Technology Limited

Notes to the Financial Statements – continued

26 Parent and ultimate parent undertaking

The company's controlling shareholder is Drilling Systems Guernsey Limited, incorporated in Guernsey, Channel Islands. The registered address for Drilling Systems Guernsey Limited is PO Box 656, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

Drilling Systems Guernsey Limited is owned by Blue Water Energy Fund I L.P. and Blue Water Energy Fund I-A L.P. These funds are ultimately controlled by BWE General Partner Limited, incorporated in Guernsey, Channel Islands. The registered address for BWE General Partner Limited is PO Box 656, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

The immediate parent company is 3T Energy Group Subco Limited. The registered address for 3T Energy Group Subco Limited is Hurn View House, 5 Aviation Park West, Bournemouth International Airport, Christchurch, Dorset, BH23 6EW.

The most senior parent entity producing publicly available financial statements is 3T Energy Group Limited. The registered address for 3T Energy Group Limited is Hurn View House, 5 Aviation Park West, Bournemouth International Airport, Christchurch, Dorset, BH23 6EW.

27 Subsequent events

Since the balance sheet date the global impact of COVID-19 remains although many geographies are opening up further and the global roll out of vaccines continues at pace where the UK is one of the leading countries. The situation remains fluid and the further impact on the global economy, on capital markets and on individual businesses remains uncertain.

On 1 April 2021, the Group, through its subsidiary Survivex Limited, completed the acquisition of Petrofac's UK training business. This is a landmark acquisition for the Group which consolidates its position as number 1 in the UK market as well as giving new capabilities such as marine training through a new site in Aberdeen. The acquisition was partly funded through an extension to its bank facilities and as part of the extension, the term of the facility has also been extended to April 2023.

The amounts stated in these financial statements reflect conditions existing as at the balance sheet date. The Group has a strong balance sheet and significant liquid assets. The Directors' view on the Group going concern has been disclosed in the strategic report and note 2 of the financial statements.