Company registration number: 06115331

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

DEVELOP TRAINING LIMITED

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DEVELOP TRAINING LIMITED

COMPANY INFORMATION

Directors	J Graham J Kerr P McGuire C A Rogerson L Sammon
Company secretary	C Turner
Registered number	06115331
Registered office	Derby Training Centre Ascot Drive Derby DE24 8GW
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Centrum House 36 Station Road Egham Surrey TW20 9LF
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR

DEVELOP TRAINING LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021

Introduction

The Directors present their strategic report together with the audited financial statements for the year ended 31st July 2021.

The principal activity of the Company is as a provider of accredited technical, compliance and behavioural training. The Company operates principally in the UK through several regional training centres and delivers training to a broad range of clients but, in particular, to those operating in the utilities, telecommunications and facilities management sectors.

Business review

The Company's turnover in the year has continued to be adversely impacted by the global Coronavirus pandemic and further restrictions as a result of social distancing requirements and lockdown conditions that were in place between October 2020 and February 2021. During this time income opportunities were restricted to revenue from the continued delivery of government funded apprenticeships and training delivery using the digital environment. Additional revenue was drawn from the Coronavirus Job Retention Scheme for staff placed on furlough throughout the year.

The business performed well in the first half of the financial year, particularly from August to October, before the government reintroduced limitations on travel and social distancing. Order intake was most affected between November and February with the result of income being below budget in the final quarter of the year. Despite the challenges brought about by the Coronavirus pandemic the business ended the year with income of £6,500,000.

Notwithstanding further Coronavirus related disruption within the new financial year the Directors believe that Develop will benefit from efficiencies identified in the current year, steering the business towards a return to profitability. The cost controls realised in the year combined with improved productivity have created an important platform for the Company's future growth giving the Directors additional confidence for the long-term future.

The Directors are pleased to report that the level of orders taken since following the end of the February 2020 lockdown has been improving steadily with opening orders for 2021/22 broadly in line with previous years. Improved sales is a key strategic objective in the new financial year.

The situation with the further national lockdown and the resulting lower sales in 2020/21 were mitigated to some degree by firm cost control and the recovery of a proportion of salary costs using the Coronavirus Job Retention Scheme leading to the delivery of the scheduled losses set out in the budget.

Measures of sales, profitability and order intake are considered to be the company's key performance indicators. The reduction in turnover was therefore disappointing but largely due to external factors as previously mentioned but the reduction in losses gives the directors a degree of confidence in the direction that the business is now taking. The new direction for the business has been underpinned by the delivery of £650,000 in the year with further investment planned for future delivery of virtual and digital learning.

It is of note that the business has delivered on the strategic objective to move all funded learning/apprenticeships to JTL by the end of 2020/21. This will facilitate growth in apprenticeship provision within the JTL Group and has been reciprocated in 2021/22 by the shift in the delivery of all commercially (non-funded) training to Develop with a focus on new business from the Building Services sector.

Following the unexpected disruption from the global pandemic, signs remain of a generally improving training market. However there continues to be a high level of variability in demand across the sectors in which the Company currently operates. (This is influenced by, amongst other factors, the regulatory cycle, access to public sector funding and the effects of Government legislation.) Nevertheless, the market for technical and compliance training in the UK remains strong, particularly so with regards to ensuring safe working practices and meeting the country's utilities sector skills shortages and the emerging requirement for new skills in renewable technologies and carbon efficiency.

Consequently, as the UK economy grows, the Group continues to invest in appropriate web-based systems, training material and its network of training centres. The Directors are optimistic that the group will be in a position to trade more profitably and progressively, and under its new ownership, benefit from a broader range of opportunities within the UK training sector.

While there is a high level of optimism for the future, the Directors are keen to note that this is countered by appropriate prudence and close scrutiny. The Directors believe that the future performance of the business may be subject to a number of risk areas, some of which fall outside of its direct influence. These include further economic strain in the UK and internationally as a result of the ongoing global Coronavirus pandemic, the failure or change in ownership of major clients, the loss of a major contract income and changes to UK monetary and fiscal policy. Additionally, the Coronavirus pandemic, noted below, may have a significant effect on the organisation in the immediate future.

The Directors consider therefore that the continued evolution of the strategic direction taken by the Company most recently, along with improved management remains valid and will provide the basis for profitable and stable growth.

At this time the Company's continuation remains to be reliant on the support of its ultimate parent company, JTL.

After making appropriate enquiries and taking into account the impact of Covid-19, the Board has confirmed with its parent company the continued and on-going support of the ultimate parent company and have a valid expectation that the Parent has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

Going concern

During the period ended July 2021, the Company received funds from JTL through an agreed loan facility based on forecasting within the three year strategic plan (2020 - 23) and expected revenue and cashflow providing the business and group with financial stability into the future. As such the Financial Statements have been prepared on a going concern basis.

As noted above the Board has confirmed the continued and on-going support of the ultimate parent company and have an expectation that the parent has adequate resources to continue in operational existence for the foreseeable future, to September 2023.

Financial risk management

The Company has an established, structured approach to risk management. The Company's activities expose it to a variety of financial risks, including the effects of market changes, credit, liquidity, cash flow and interest rates risks. The Company has adopted risk management policies that seek to mitigate these risks in an appropriate manner. Financial assets that expose the Company to financial risk consist principally of trade debtors and cash. Financial liabilities that expose the Company to financial risk consist principally of trade creditors and loans. The Company's finance department implements the policies set by the board of Directors to best mitigate against these.

Exposure to Market Risk

The Company is exposed to market risk as a result of its operations, particularly relating to the demand for its services. However, the Directors consider that they are close enough to the market to be able to react quickly to changes and hence the impact on the Company's performance. Further comfort is drawn from the legislative and compliance requirements that drive the need for the company's services amongst its customer base.

Credit Risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Company performs ongoing credit evaluation of its customers' financial condition and has implemented policies which require appropriate credit checks on potential customers before credit sales are made.

Liquidity & Cash Flow Risk

Liquidity and cash flow risk is the risk of encountering difficulty in meeting financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation and applying robust cash forecasting as part of its day to day control procedures. The Company maintains sufficient cash and open committed credit lines from its ultimate parent company to meet its requirements.

DEVELOP TRAINING LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

- **Key Performance Indicators**

	2021 £000	*As restated 2020 £000*
Turnover	**6,481**	*4,207*
Gross Profit/(loss)	**1,150**	*(389)*
Gross Profit Margin (%)	**17.7%**	*9.2%*
Operating (loss)/profit	**(229)**	*(2,298)*

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

DocuSigned by:

John Kerr

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J Kerr
Director

Date: 28-Mar-2022

DEVELOP TRAINING LIMITED
REGISTERED NUMBER:06115331

BALANCE SHEET
AS AT 31 JULY 2021

	Note		2021 £		As restated 2020 £
Fixed assets					
Tangible assets	5		**161,412**		*127,865*
			161,412		*127,865*
Current assets					
Debtors: amounts falling due within one year	6	**1,214,766**		*999,048*	
Cash at bank and in hand		**33,012**		*402,492*	
		1,247,778		*1,401,540*	
Creditors: amounts falling due within one year	7	**(4,027,334)**		*(3,454,528)*	
Net current liabilities			**(2,779,556)**		*(2,052,988)*
Total assets less current liabilities			**(2,618,144)**		*(1,925,123)*
Net liabilities			**(2,618,144)**		*(1,925,123)*
Capital and reserves					
Called up share capital			**1,026,654**		*1,026,654*
Share premium account	8		**1,932,098**		*1,932,098*
Other reserves	8		**6,258,341**		*6,258,341*
Profit and loss account	8		**(11,835,237)**		*(11,142,216)*
			(2,618,144)		*(1,925,123)*

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28-Mar-2022

DocuSigned by:
John Kerr
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J Kerr
Director

The notes on pages 5 to 10 form part of these financial statements.

DEVELOP TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

1. General information

Develop Training Limited is a private company limited by shares, registered in England and Wales under the Companies Act 2006. The address of the registered office and trading address where the principal place of business is undertaken is set out in the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

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

2.3 Operating leases: the Company as lessee

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

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

2.4 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 Statement of Comprehensive Income in the same period as the related expenditure.

2.5 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

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

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the period of the lease
Plant and machinery	- over 4 to 5 years
Motor vehicles	- over 2 years
Fixtures and fittings	- over 5 to 10 years
Office equipment	- over 5 to 10 years
Computer equipment	- over 4 to 5 years

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

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

2.9 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.10 Financial instruments

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

3. Employees

The average monthly number of employees, including directors, during the year was 80 *(2020 -88)*.

4. Intangible assets

	Goodwill £
Cost	
At 1 August 2020	**8,948,139**
At 31 July 2021	**8,948,139**
Amortisation	
At 1 August 2020	**8,948,139**
At 31 July 2021	**8,948,139**
Net book value	
At 31 July 2021	**-**
At 31 July 2020	*-*

5. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 1 August 2020	188,738	1,577,659	4,563	323,533	260,918
Additions	47,094	13,414	-	1,919	23,013
At 31 July 2021	235,832	1,591,073	4,563	325,452	283,931
Depreciation					
At 1 August 2020	160,140	1,516,595	4,563	289,364	256,884
Charge for the year on owned assets	12,875	20,163	-	4,552	14,303
At 31 July 2021	173,015	1,536,758	4,563	293,916	271,187
Net book value					
At 31 July 2021	62,817	54,315	-	31,536	12,744
At 31 July 2020	*28,598*	*61,064*	-	*34,169*	*4,034*

	Total £
Cost or valuation	
At 1 August 2020	2,355,411
Additions	85,440
At 31 July 2021	2,440,851
Depreciation	
At 1 August 2020	2,227,546
Charge for the year on owned assets	51,893
At 31 July 2021	2,279,439
Net book value	
At 31 July 2021	161,412
At 31 July 2020	*127,865*

6. Debtors

	2021 £	*As restated* *2020* *£*
Trade debtors	**910,455**	*216,100*
Amounts owed by group undertakings	**2,565**	*2,565*
Other debtors	**15,752**	-
Prepayments and accrued income	**285,994**	*316,353*
Deferred taxation	-	*464,030*
	1,214,766	*999,048*

7. Creditors: Amounts falling due within one year

	2021 £	*As restated* *2020* *£*
Trade creditors	**348,403**	*465,527*
Amounts owed to group undertakings	**2,753,889**	*2,350,000*
Other taxation and social security	**323,596**	*178,284*
Other creditors	**413,630**	*224,846*
Accruals and deferred income	**187,816**	*235,871*
	4,027,334	*3,454,528*

8. Reserves

Share premium account

This reserve records the excess paid for share capital above the nominal value.

Other reserves

This reserve records capital contrbutions from the parent company.

Profit and loss account

This reserve records retained earnings and accumulated losses.

9. Prior year adjustment

A trading debtor balance due from Develop Training Group Limited, the immediate parent company, of £774,122 had been netted off against the intercompany loan balance due to JTL, the ultimate parent company. This has now been reallocated to reflect the nature of the transactions and related year end balances. In addition the balance of £774,122 has been fully provided for during the year ended 31 July 2020 as it was not deemed recoverable. This has increased the loss for the year and increased the negative reserves by £774,122.

10. Pension commitments

The group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension charge amounted to £172,371 (2020: £164,163). Contributions amounting to £14,001 (2020: £15,816) were payable to the fund and are included in creditors.

11. Controlling party

The parent of the smallest group for which consolidated financials statements are drawn up is JTL, a company incorporated in the United Kingdom. The address of their registered office is: Stafford House, 120-122 High Street, Orpington, Kent, BR6 0JS.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 July 2021 was unqualified.

The audit report was signed by Janice Matthews FCA (Senior statutory auditor) on behalf of Menzies LLP.