Company registration number 09284837 (England and Wales)

MANAGEMENT & TRAINING CORPORATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

MANAGEMENT & TRAINING CORPORATION LIMITED

COMPANY INFORMATION

Directors	Robert Scott Marquardt	
	Ian Mulholland	(Appointed 25 April 2022)
Company number	09284837	
Registered office	6-9 Snow Hill London EC1A 2AY	
Auditor	Mercer & Hole LLP 21 Lombard Street London EC3V 9AH	
Business address	6-9 Snow Hill London EC1A 2AY	
Bankers	RBS 3rd Floor 280 Bishopsgate London EC2M 4RB	

CONTENTS

MANAGEMENT & TRAINING CORPORATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal activities
The Company was incorporated in the United Kingdom on 28 October 2014, as a joint venture between Novo Community Limited and Management & Training Corporation (UK) Limited. On 1 February 2015, the Company acquired The London Community Rehabilitation Company Limited and The Thames Valley Community Rehabilitation Company Limited. On 9 January 2019, Management & Training Corporation (UK) Limited purchased Novo Community Limited's 50% share of the Company's share capital and became the Company's sole shareholder. On 8 February 2019, the Company changed its name from MTCnovo Limited to Management & Training Corporation Limited.

The Company's contract to run the Rainsbrook Secure Training Centre ("STC") came to an end on 31 December 2021, and the contracts in relation to its two subsidiary companies who provided rehabilitation services came to an end on 25 June 2021.

Since July 2021, the Company was providing security services to two Initial Asylum Processing Centres ("IAPC") in the Midlands for the Home Office. Each IAPC provided short-term quarantine housing for newly arrived migrants, this contract ceased on 30 June 2022, with the majority of staff transferring to another Home Office contract in Manston. The Company provides security and care for asylum seekers at Manston, along with operating residential facilities.

Its principal place of business is London and its Head Office is: 6-9 Snow Hill, London EC1A 2AY England.

Business review
The results of the Company and future developments have been outlined in the Directors Report under the Review of Business and Future Developments section.

Key performance indicators
The profit and loss account and other comprehensive income for the year is set out on page 12 and shows a turnover of £10.4m (year ended 31 December 2021: £17.8m) and a profit after tax of £27.7m (year ended 31 December 2021: loss of £3.4m). The profit after tax includes the receipt of dividends totalling £31.4m, which have been used to repay intercompany borrowings. Excluding the dividends, the Company made a loss for the year of £3.7m. The Company's business focus during the year continued to be supporting the Home Office by delivering security services to two IAPCs in the Midlands and at Manston.

From July 2021 to 30 June 2022, the Company provided security services to two IAPCs in the Midlands for the Home Office, where we measured performance based on the number of shifts fulfilled. The Authority agreed shift rates based on the Company's solution for security services. The shift rates are capped and so the Company needs to fulfil all shifts to maximise revenue. In June 2022 the Home Office requested the Company redeploy all staff to Manston Initial Asylum Processing Centre in Kent, in a similar manner revenue is based on the number of shifts fulfilled. The Company have been able to drive the completed shift rates up dramatically since inception of the original IAPC contract. The Company has also implemented a number of other internal performance measures to ensure the safe and smooth running of operations.

Principal risks and uncertainties
The Company's risks and other key performance indicators are reported, reviewed, and managed at a Company executive level. A comprehensive risk register, which identifies key business risks, including safeguarding, contractual, operational, reputational, and financial risk areas is overseen by the Board. A consolidated risk register is held at a Group level and reviewed by the Board monthly.

Transformation risk
Transformation continued to be a principal focus area of risk management at both the Company and Group level. During 2022, a dedicated Transformation team at Group level oversaw any Transformation projects across all Group companies. This ensures any projects are risk assessed and requirements are documented at inception, this also gives a central point of governance for all projects and ensures the strategic objectives of the Company and Group are met. A key focus for the Transformation team for year ended 31 December 2022, was the mobilisation of the Company's new contract to run operations at Manston for the Home Office from July 2022.

Contract risk
In the year ending 31 December 2022, the Company continued providing delivery of services to two IAPCs in the Midlands for the Home Office, this contract ceased on 30 June 2022, with the majority of staff transferring to another Home Office contract in Manston.

In the year ended 31 December 2022, the Company signed a change note to the current IAPC contract that allows for a change of location and operations to Manston in Kent, continuing to provide security services to the Home Office. Subsequently in June 2023 the Company has signed a new contract to provide services at Manston to 31 July 2024.

Systems risk
The Company also has robust policies, procedures and operating reporting in place to manage safeguarding, operational, information technology, human resources and health and safety risks.

Financial risk management objectives and policies
The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash at bank and in hand, trade and other debtors, amounts owed by Group Undertakings and prepayments and accrued income. The credit risk on liquid funds (cash and cash equivalents) is limited because the counterparties are highly rated financial institutions.

Trade receivables are presented in the balance sheet net of allowances for doubtful debts of £nil (31 December 2021: £nil). An allowance for impairment is made where there is an identified loss event which is evidence of a reduction in the recoverability of cash flows.

Interest rate risk
Given the Company has no significant interest-bearing assets (except cash and cash equivalents) and income and operating cash flows are substantially independent of changes in market interest rates, interest rate risk arises from long-term borrowings; the Company's management of cash flow risk ensures that obligations can be met as they fall due.

Cash flow risk
Cash flow risk refers to the risk that the Company will not have available resources to meet obligations as they fall due. Sufficient cash balances are held to meet short-term obligations. The Company is a subsidiary of Management & Training Corporation (UK) Limited and its financial resources are managed on a Group basis. Group cash balances at 31 December 2022 were £13.9m (year ended 31 December 2021: £28.8m). In addition, Management & Training Corporation (UK) Limited has a credit line of up to US$33.0m with its parent Management & Training Corporation. At 31 December 2022, £6.3m of the credit line was drawn down (31 December 2021: £16.4m).

Interest bearing assets and liabilities are held at a fixed rate to ensure the certainty of cash flows.

Liquidity risk
The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash at bank and in hand and the availability of funding through an adequate amount of committed credit facilities. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance, including the Company's parent company Management & Training Corporation (UK) Limited, having a credit line of US$33.0m with its parent Management & Training Corporation.

Section 172 Statement
In accordance with section 172 of the Companies Act 2006, each of our directors acts in the way he or she considers to be in good faith and would most likely promote the success of the company for the benefit of its members as a whole. Our directors have regarded, amongst other matters, to the:

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

In discharging our section 172 duties we have regard to the factors set out above. The directors also have considered the views and interests of a wider set of stakeholders when making decisions, for example, the interests and views of our employees, our customers, our suppliers and our relationship with the government and our partners. During the year, the Directors received information to enable them to consider the impact of the Company's decisions on its key stakeholders. The Directors acknowledge that every decision that they make will not necessarily result in a positive outcome for all stakeholders and they must frequently make difficult decisions based on competing priorities. By considering the Company's purpose and values, together with its strategic priorities and having a place for decision making at Board/Director level, the Directors do aim to balance the different perspectives.

Day-to-day management of the Company is delegated to the Company's Executive team, with the Board and Directors setting, approving, and overseeing the execution of the strategy and related policies.

In addition to the methods of engagement described below, the interests of our stakeholder groups are considered by the Board and Directors through a combination of:

- Regular reports and presentations at scheduled Board and Committee meetings, including operational reports presented by the Managing Director and updates from Senior Management on operational performance, health and safety, ethics and compliance, inclusion and diversity and people matter.
- A rolling agenda of matters to be considered by the Board and Committees during the year, including a strategy review which considers the purpose of the Company and strategy to be followed by the Company, which is supported by a budget for the financial year and medium-term financial plan.
- Formal consideration of large bids and other matters, including any factors which are relevant to major decisions taken by the Board and Directors.

The Company's key stakeholders are its employees, suppliers, customers, the government, partners and communities. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The Board recognises that building strong relationships with our stakeholders will help to deliver the Company's strategy in line with our long-term values and operate the business in a sustainable way.

Examples of how the Directors have engaged with the Company's stakeholders with regard to section 172(1) (a) to (f) are detailed below:

Employees
The Board and Directors recognise that employees are fundamental and core to the business and delivery of the strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. From ensuring that the Company remains a responsible employer, from pay and benefits to the health, safety and workforce environment, the Board and Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The Board has engaged with employees via a variety of channels, including delivering employee events, tailored training, undertaking employee engagement surveys, and through various intranet communications portals. For more information, please see the "Employees" section in the Report of the Directors.

Feedback from employees is actively encouraged and is considered a key driver in developing our business activities, processes and workplace environment. Initiatives to encourage wellbeing are well established and continue to evolve and are strongly influenced by the employees. Professional and personal development of employees is viewed as fundamental to the continued success of the Company and our Directors seek to promote this.

During the year ended 31 December 2022, the Company has actively engaged with all employees to ensure that they feel supported and involved in assessing opportunities available to them.

Suppliers, customers and others
Delivering the strategy requires strong mutually beneficial relationships with suppliers, customers, the government and partners. The Company seeks the promotion and application of certain general principles in such relationships.

We work with a wide range of suppliers, and we remain committed to being fair and transparent in our dealings with all our suppliers.

Our Company relies on external and internal suppliers for certain services which are required to maintain the efficiency and resilience of the Company's operations.

The Company encourages Senior Managers to hold regular meetings with key suppliers, which allow for open discussions and encourage a partnership approach. Additionally, these identify and mitigate any risks to the key service provisions of the Company. We believe that having solid long-term relationships with our suppliers is essential to continue to provide our solutions to customers and maintain operational resiliency.

We also have systems and processes in place to ensure suppliers are paid in a timely manner.
We recognise that engagement with our customers is vital so that we understand their objectives and priorities and can tailor our strategies and business plans accordingly.

We build lasting relationships with current and potential customers to understand their objectives and requirements. We are in regular contact with our customers, primarily, the Home Office, in order to meet their defined reporting and service requirements. This includes attending regular update calls and face to face meetings. Performance metrics and updates are provided through established mechanisms.

We monitor customer feedback to help us establish our customers' views on the Company's services as ways we can improve our offering. We believe that aligning our strategy and services to the needs and interests of our customers is central to supporting long-term value creation, enabling innovation.

We work with a broad range of partners, sharing resources and knowledge. Working collaboratively, we find innovative ways to support the Asylum Seekers we come into contact with at the IAPC hotels and at Manston, giving them the skills and confidence they need to help them start being a positive member of their community. Our partners are therefore extremely important to us and so we are in regular communication with them all, striving to work well as a team to enable us to transform lives.

The asylum seekers at our Home Office operations are at the heart of everything that we do, and the Directors and Board are mindful of the impact on them of every decision made. Therefore, the wellbeing of asylum seekers are at the forefront of decisions made.

Communities and the environment
The Company is mindful of its impact on and its responsibilities for the communities in which it operates. When we begin working with an asylum seeker, we are not only trying to transform their life, but also to improve community safety.

The quality of our service directly benefits and strengthens local communities, and our partners help us ensure we deliver quality interventions, making a real impact.

Our teams regularly work alongside community organisations, local authorities, local police teams and residents.

We also seek to minimise the impact of our operations on the environment through the pursuit of good business practices.

On behalf of the board

DocuSigned by:
Ian Mulholland
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Ian Mulholland
Director

Date: 27/7/2023

The Directors present their annual report on the affairs of the Company together with the audited financial statements for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 12.

No dividends were paid by the Company during the year (2021: £nil). The Directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Robert Scott Marquardt	
Ian Mulholland	(Appointed 25 April 2022)
D Hood	(Resigned 25 April 2022)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

Going concern

The Company's business activities and financial position, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. These financial statements have been prepared on a going concern basis for the following reasons.

The directors have prepared cash flow forecasts to the period ending December 2024 which indicate that, taking account of reasonable possible downsides, the Company will have sufficient funds, through its own cash reserves and funding from its immediate parent company Management & Training Corporation (UK) Ltd and its ultimate parent company, Management & Training Corporation, to meet its liabilities as they fall due for that period. These forecasts consider the new Manston contract until 31 July 2024, alongside the Company's very strong cash position.

These forecasts include the repayment of the ultimate parent loan provided by Management & Training Corporation. Management & Training Corporation has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts, however the cash flow forecasts indicate that the Company should be self-sufficient for the foreseeable future.

The going concern assumptions of the Company after 12 months from the date of signing these accounts are therefore supported by the above indications, and so the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Post reporting date events

After the balance sheet date on 30 June 2023 the Company signed a new contract to provide services at Manston to 31 July 2024.

MANAGEMENT & TRAINING CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Review of business and future developments
The Profit and Loss Account and Other Comprehensive Income for the year is set out on page 12 and shows turnover of £10.4m (year ended 31 December 2021: £17.8m) and a profit after tax of £27.7m (year ended 31 December 2021: loss after tax of £3.4m). The improvement in the Company's bottom line financial results in the year ending 31 December 2022 is due to the receipt of dividends from its subsidiaries. The profit after tax includes the receipt of dividends totalling £31.4m, which have been used to repay intercompany borrowings. Excluding the dividends, the Company made a loss for the year of £3.7m.

	£
Profit as per the Statement of Comprehensive Income	27.7m
Dividend income	31.4m
Loss before dividend income	(3.7m)

During 2016, the Company took over a 5-year contract to run the Rainsbrook Secure Training Centre. In November 2021, the MoJ and the Company mutually agreed to terminate the original contract early in the prior year on 31 December 2021.

In July 2021, the Company was approached by The Home Office to provide security services to two IAPCs in the Midlands. Each IAPC provides short-term quarantine housing for newly arrived migrants, the Company's contract ceased on 30 June 2022, with the majority of staff transferred to other Home Office business opportunities. The Company was providing these services using staff from Rainsbrook STC. In July 2022, the company signed a change note to the current IAPC contract that allows for a change of location and operations to Manston in Kent, continuing to provide security services to the Home Office. Subsequently in June 2023 the Company has signed a new contract to provide services at Manston to 31 July 2024.

The Group is looking at new areas to expand the business into and are open to opportunities. Overall, the Directors are confident of further continued sustainable turnover in the year ending 31 December 2023.

There have been no other events since the balance sheet date which materially affect the position of the Company.

Auditor
Mercer & Hole LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:
Ian Mulholland
489EEA5D89724C5........
Ian Mulholland
Director

Date: 27/7/2023

MANAGEMENT & TRAINING CORPORATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

MANAGEMENT & TRAINING CORPORATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANAGEMENT & TRAINING CORPORATION LIMITED

Opinion

We have audited the financial statements of Management & Training Corporation Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006, employment law, and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non- compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Andrew Turner
Senior Statutory Auditor
For and on behalf of Mercer & Hole LLP

Date: 27/7/2023

Chartered Accountants
Statutory Auditor

21 Lombard Street
London
EC3V 9AH

MANAGEMENT & TRAINING CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	10,431	17,827
Cost of sales		(3,991)	(6,412)
Gross profit		6,440	11,415
Administrative expenses		(9,900)	(14,941)
Operating loss	4	(3,460)	(3,526)
Interest receivable and similar income	7	31,394	-
Interest payable and similar expenses	8	(191)	(282)
Profit/(loss) before taxation		27,743	(3,808)
Tax on profit/(loss)	9	-	442
Profit/(loss) for the financial year		27,743	(3,366)

Interest receivable and similar income shown above includes dividends received from subsidiary companies of £31,393k. Consequently the profit for the financial year shown above of £27,743k is after inclusion of dividend income of £31,393k.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MANAGEMENT & TRAINING CORPORATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Intangible assets	**10**		163		146
Tangible assets	**11**		329		509
Investments	**12**		-		452
			492		1,107
Current assets					
Debtors	**14**	4,704		8,589	
Cash at bank and in hand		13,930		2,140	
		18,634		10,729	
Creditors: amounts falling due within one year	**15**	(3,478)		(12,950)	
Net current assets/(liabilities)			15,156		(2,221)
Total assets less current liabilities			15,648		(1,114)
Creditors: amounts falling due after more than one year	**16**		-		(10,056)
Net assets/(liabilities)			15,648		(11,170)
Capital and reserves					
Called up share capital	**18**		-		-
Other reserves			-		1,212
Profit and loss reserves			15,648		(12,382)
Total equity			15,648		(11,170)

The financial statements were approved by the board of directors and authorised for issue on 27/7/2023 and are signed on its behalf by:

DocuSigned by:
Ian Mulholland
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Ian Mulholland
Director

Company Registration No. 09284837

MANAGEMENT & TRAINING CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Capital contribution reserve	Profit and loss reserves	Total
		£'000	£'000	£'000	£'000
Balance at 1 January 2021		-	1,212	(9,016)	(7,804)
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(3,366)	(3,366)
Balance at 31 December 2021		-	1,212	(12,382)	(11,170)
Year ended 31 December 2022:					
Profit and total comprehensive income before dividends received		-	-	(2,030)	(2,030)
Dividend income		-	-	31,393	31,393
Profit and total comprehensive income for the year		-	-	27,743	27,743
Unwinding of fair value on intercompany borrowings	19	-	(1,212)	287	(925)
Balance at 31 December 2022		-	-	15,648	15,648

1 Accounting policies

Company information

Management & Training Corporation Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6-9 Snow Hill, London, EC1A 2AY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Management & Training Corporation (UK) Limited. These consolidated financial statements are available from its registered office, 6-9 Snow Hill, London, EC1A 2AY.

1.2 Going concern

The Company's business activities and financial position, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. These financial statements have been prepared on a going concern basis for the following reasons.

The directors have prepared cash flow forecasts to the period ending December 2024 which indicate that, taking account of reasonable possible downsides, the Company will have sufficient funds, through its own cash reserves and funding from its immediate parent company Management & Training Corporation (UK) Ltd and its ultimate parent company, Management & Training Corporation, to meet its liabilities as they fall due for that period. These forecasts consider the new Manston contract until 31 July 2024, alongside the Company's very strong cash position.

These forecasts include the repayment of the ultimate parent loan provided by Management & Training Corporation. Management & Training Corporation has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts, however the cash flow forecasts indicate that the Company should be self-sufficient for the foreseeable future.

The going concern assumptions of the Company after 12 months from the date of signing these accounts are therefore supported by the above indications, and so the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding VAT.

Turnover from other contract activities represents fee income receivable in respect of services provided during the year. Estimates are included of amounts not yet invoiced. The Company defers other fees receivable and brings these fees into revenue in line with the degree of completion of the service delivery. Any service penalties are accrued as a deduction to revenue as they are occurred.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 - 5 years
Assets under construction	Not amortised

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	3 - 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies (Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.10 *Equity instruments*

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment review

The Company provides support services to its two subsidiary companies (The London Community Rehabilitation Company Limited and The Thames Valley Community Rehabilitation Company Limited) who provide rehabilitation services. The probation contracts run by the subsidiary companies ceased in June 2021 and the contract run by the Company to operate Rainsbrook STC finished in December 2021.

Given the uncertainty around future revenue an impairment review was carried out. This review showed that the carrying value of the assets forming the cash generating unit were not supported by the future cash flows expected to be derived, and as a result a full impairment of the carrying value of the investments has been recognised.

Deferred tax asset

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary deductible differences or tax loss carry forwards can be utilised.

3 Turnover and other revenue

	2022	2021
	£'000	£'000
Turnover analysed by class of business		
Security and residential services for the Home Office	10,431	3,810
Cost recoveries	-	2,259
Rainsbrook STC	-	11,758
	10,431	17,827

	2022	2021
	£'000	£'000
Other revenue		
Interest income	1	-
Dividends received	31,393	-

Turnover and profit before tax are attributable to the principal activities of providing security services to two Initial Asylum Processing Centres ("IAPC") in the Midlands for the Home Office, and the provision of security and residential services for an additional Home Office contract in Manston to which the majority of staff transferred following the cessation of the Midlands contract on 30 June 2022. Any service penalties are accrued as a deduction to revenue as they are incurred.

All turnover arises solely within the UK.

4 Operating loss

Operating loss for the year is stated after charging:	2022 £'000	2021 £'000
Exchange losses	1	-
Fees payable to the company's auditor for the audit of the company's financial statements	12	6
Depreciation of owned tangible fixed assets	180	456
(Profit)/loss on disposal of tangible fixed assets	-	712
Amortisation of intangible assets	63	1,733
(Profit)/loss on disposal of intangible assets	-	351
Operating lease charges	127	83

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Operations	80	168
Administration	40	181
Total	120	349

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	7,840	13,818
Social security costs	725	1,415
Pension costs	219	567
	8,784	15,800

6 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	189	-
Company pension contributions to defined contribution schemes	7	-
	196	-

The comparatives do not include the remuneration of any directors who were in office during the year ended 31 December 2021. Time spent as directors on the Company was not material.

The Company does not have a set Chairman; a member of the Board is appointed Chairman each time the Board convenes.

6 Directors' remuneration **(Continued)**

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 0).

7 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest income		
Interest on bank deposits	1	-
Dividend income from fixed asset investments		
Dividend income from shares in group undertakings	31,393	-
Total interest and similar income	31,394	-

8 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest payable to group undertakings	191	282

9 Taxation

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	-	(442)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£'000	£'000
Profit/(loss) before taxation	27,743	(3,808)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	5,271	(723)
Tax effect of expenses that are not deductible in determining taxable profit	705	208
Adjustments in respect of prior years	-	38
Group relief	74	-
Dividend income	(5,965)	-
Impact of statutory rate change	26	1
Deferred tax not recognised	(107)	35
Impact of difference between corporation tax and deferred tax rate	(4)	(1)
Taxation charge/(credit) for the year	-	(442)

9 Taxation **(Continued)**

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

10 Intangible fixed assets

	Software	Assets under construction	Total
	£'000	£'000	£'000
Cost			
At 1 January 2022	271	13	284
Additions	-	72	72
Disposals	(4)	-	(4)
Transfers	64	(55)	9
At 31 December 2022	331	30	361
Amortisation and impairment			
At 1 January 2022	138	-	138
Amortisation charged for the year	63	-	63
Disposals	(3)	-	(3)
At 31 December 2022	198	-	198
Carrying amount			
At 31 December 2022	133	30	163
At 31 December 2021	133	13	146

11 Tangible fixed assets

	Assets under construction	Plant and machinery	Total
	£'000	£'000	£'000
Cost			
At 1 January 2022	9	736	745
Additions	-	10	10
Disposals	-	(1)	(1)
Transfers	(9)	-	(9)
At 31 December 2022	-	745	745
Depreciation and impairment			
At 1 January 2022	-	236	236
Depreciation charged in the year	-	180	180
At 31 December 2022	-	416	416
Carrying amount			
At 31 December 2022	-	329	329
At 31 December 2021	9	500	509

12 Fixed asset investments

	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	13	-	452

Movements in fixed asset investments

	Shares in subsidiaries £'000
Cost or valuation	
At 1 January 2022 & 31 December 2022	452
Impairment	
At 1 January 2022	-
Impairment losses	452
At 31 December 2022	452
Carrying amount	
At 31 December 2022	-
At 31 December 2021	452

The probation contracts run by the subsidiary companies ceased in June 2021, and subsequent to that date the subsidiary companies ceased trading. An impairment review carried out in the year showed that the carrying value of the assets forming the cash generating unit were not supported by the future cash flows expected to be derived, and as a result a full impairment of the carrying value of the investments has been recognised.

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
The London Community Rehabilitation Company Limited	United Kingdom	The justice and judicial activity of providing rehabilitation services	Ordinary shares	100.00
The Thames Valley Community Rehabilitation Company Limited	United Kingdom	The justice and judicial activity of providing rehabilitation services	Ordinary shares	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £'000	Profit/(Loss) £'000
The London Community Rehabilitation Company Limited	(196)	(220)
The Thames Valley Community Rehabilitation Company Limited	(77)	(75)

13 Subsidiaries (Continued)

The subsidiary undertakings have the same registered office as Management & Training Corporation Limited.

The Company owns 100 per cent of the issued ordinary share capital of The London Community Rehabilitation Company Limited, a Company that was formerly principally engaged in the justice sector and the judicial activity of providing rehabilitation services prior to ceasing to trade on 25 June 2021. The shares in the subsidiary undertaking were acquired for a consideration of £408k.

The Company also owns 100 per cent of the issued ordinary share capital of The Thames Valley Community Rehabilitation Company Limited, a Company that was principally engaged in the justice sector and the judicial activity of providing rehabilitation services prior to ceasing to trade on 25 June 2021. The shares in the subsidiary undertaking were acquired for a consideration of £44k.

14 Debtors

Amounts falling due within one year:	2022 £'000	2021 £'000
Trade debtors	80	1,332
Corporation tax recoverable	182	182
Amounts owed by group undertakings	1,041	3,383
Other debtors	923	426
Prepayments and accrued income	2,478	3,266
	4,704	8,589

Amounts owed by group undertakings are unsecured and repayable on demand. Included within this balance are amounts owed by the Company's subsidiaries totalling £517k and amounts owed by the Company's parent undertaking totalling £720k.

15 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	223	342
Amounts owed to group undertakings	1,258	8,774
Taxation and social security	158	261
Other creditors	8	29
Accruals and deferred income	1,831	3,544
	3,478	12,950

Amounts due to fellow group undertakings at the balance sheet date are unsecured and repayable on demand and relate to amounts owed to the Company's parent, Management & Training Corporation (UK) Limited.

16 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	-	10,056

16 Creditors: amounts falling due after more than one year (Continued)

During the year the Company made repayments on its borrowings from Management & Training Corporation (UK) Limited totalling £10m. Subsequently the loan was refinanced and became payable on demand, and as a result in the current year it is shown within amounts falling due within one year. During the year, interest was accrued on the outstanding loan principle at a rate of LIBOR plus 60 basis points per annum. Interest will be calculated on the basis of the actual number of days elapsed and a 360-day year and shall accrue from day to day.

17 Retirement benefit schemes

Defined contribution schemes	2022 £'000	2021 £'000
Charge to profit or loss in respect of defined contribution schemes	219	567

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

Ordinary share capital	2022 Number	2021 Number	2022 £	2021 £
Issued and fully paid				
Ordinary A shares of £1 each	50	50	50	50
Ordinary B shares of £1 each	50	50	50	50
	100	100	100	100

All ordinary shares were issued on the 28 October 2014 when the Company was incorporated. A and B Shares rank equally in all respects but constitute separate classes of shares.

19 Reserves

The Company's Capital Contribution reserve was created during the year ended 31 December 2020 as a result of a fair value loan revaluation exercise in respect of the Company's borrowings from its parent Company Management & Training Corporation (UK) Limited. During the year a repayment of £10m was made to the parent Company and the remaining borrowings were refinanced and became payable on demand, and as a result the remaining Capital Contribution reserve was released. At the year end the Capital Contribution reserve balance was £nil (2021: £1,212,027).

The only other reserve the Company has is the Profit and Loss reserve which represents the cumulative results for the Company since inception.

20 Financial commitments, guarantees and contingent liabilities

There were no contingent liabilities as at 31 December 2022 (31 December 2021: £nil).

There are open cases against the Company which the company is defending. Since it is presently not possible to determine the outcome of these matters, no provision has been made in the financial statements for their ultimate resolution. In management's opinion, the final resolution of all legal matters will not have a material adverse effect on the Company's financial position.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	53	131
Between two and five years	-	7
	53	138

22 Events after the reporting date

After the balance sheet date on 30 June 2023 the Company signed a new contract to provide services at Manston to 31 July 2024.

23 Related party transactions

Management & Training Corporation Limited (formerly MTCnovo Limited) is wholly owned by Management & Training Corporation (UK) Limited. On 9 January 2019, Management & Training Corporation (UK) Limited purchased 50% of Management & Training Corporation Limited's share capital from Novo Community Limited. Prior to 9 January 2019, MTCnovo was a joint venture between Novo Community Limited and Management & Training Corporation (UK) Limited, with both parents owning 50% share capital.

Management & Training Corporation Limited undertook the following related party transactions with its parents during the year ended 31 December 2022:

During 2015, the Company borrowed £10.0m from Novo Community Limited and £10.0m from Management and Training Corporation (UK) Limited). As part of the sale of Novo Community Limited's share in Management & Training Corporation Limited to Management & Training Corporation (UK) Limited, Management & Training Corporation Limited repaid its £10.0m loan from Novo Community Limited in January 2019. The Company repaid a further £10.0m to Management & Training Corporation (UK) Limited in the year. The balance is payable on demand and save as is otherwise agreed by Management & Training Corporation Limited and its shareholders, the former shall pay interest on the outstanding loan principal at a rate of LIBOR plus 60 basis points per annum. Interest will be calculated on the basis of the actual number of days elapsed and a 360-day year and shall accrue from day to day.

Management and Training Corporation (UK) Limited charged loan interest of £191k in the year ended 31 December 2022 (2021: £282k), and at the balance sheet date amounts totalling £1.3m were outstanding to Management and Training Corporation (UK) Limited.

As at 31 December 2022, Management & Training Corporation Limited owed Management and Training Corporation (UK) Limited accrued and invoiced costs of £190k (year ended 31 December 2021: £90k).

23 Related party transactions (Continued)

Management & Training Corporation Limited undertook the following related party transactions with its subsidiary undertakings during the year:

Management & Training Corporation Limited made management recharges of £nil (2021: £10.0m) to the London Community Rehabilitation Company Limited.

At 31 December 2022, Management & Training Corporation Limited was owed £0.3m from (2021: owed £8.7m to) The London Community Rehabilitation Company Limited. Amounts owed by fellow group undertakings are unsecured and repayable on demand. Amounts totalling £0.3m (2021: £8.1m) are expected to be settled in less than one year.

Management & Training Corporation Limited made management recharges of £nil (2021: £2.6m) to the Thames Valley Community Rehabilitation Company Limited in the year ended 31 December 2022.

At 31 December 2022, The Thames Valley Community Rehabilitation Company Limited owed Management & Training Corporation Limited £nil (2021: £3.0m).

In addition, Management and Training Corporation owed Management & Training Corporation Limited £0.7m (2021: £0.4m). Amounts owed from fellow group undertakings are unsecured, repayable on demand and are expected to be settled in less than one year.

24 Ultimate controlling party

The immediate parent undertaking of Management & Training Corporation Limited is Management & Training Corporation (UK) Limited. The smallest group to consolidate these financial statements is Management & Training Corporation (UK) Limited, a company registered in England and Wales.

Copies of these group financial statements can be obtained from its registered office:

Head Office
6-9 Snow Hill
London
EC1A 2AY

On 9 January 2019, Management & Training Corporation (UK) Limited purchased 50% of Management & Training Corporation Limited's share capital from Novo Community Limited. Prior to 9 January 2019, the Company was a joint venture between Novo Community Limited and Management & Training Corporation (UK) Limited, with both parents owning 50% share capital.

The ultimate parent undertaking and controlling party of Management & Training Corporation (UK) Limited is Management & Training Corporation, a private company incorporated in the USA, registered office:

500 North Marketplace Drive
Centerville, UT 84014, USA