

Registered number: 12888769 (England and Wales)

Annual Report and Financial Statements for the Year Ended
31 December 2022

for

Realise Learning and Employment Holdings Limited

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REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED (Registered number: 12888769)

COMPANY INFORMATION

Directors	T C Cormack G M Scott S J Frith L D Rimmington M A Cooper S Kamal P J Denvers
Registered number	12888769
Registered office	12 Europa View Sheffield Business Park Sheffield England S9 1XH
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

REVIEW OF THE BUSINESS

The underlying results of the group being revenue of £17,950,682 (15 months ending 31 December 2021: £18,681,469) and an adjusted EBITDA of £1,593,355 (15 months ending 31 December 2021: £1,197,297) for the year ending 31 December 2022. The strong results for the year have been driven by changes that have been implemented by the management team with the key focus on delivering the strategy of “right learner, right programme” throughout the business which inherently drives better quality.

During the year Realise made two strategic acquisitions of FW Solutions Limited on 6th September 2022 and Training Plus (Merseyside) Limited on 3rd October 2022. These acquisitions are aligned to Realise’s strategic objective to increase market share in core markets including Early Years and to establish Realise as a leading buy and build platform in the sector. These acquisitions had limited impact on the underlying financial results in 2022 due to the timing of the acquisitions with the full year impact expected in 2023.

The group reported an operating profit (excluding exceptional costs) of £1,637,229 (15 months ending 31 December 2021: £1,337,941) for the year ending 31 December 2022.

At the FE Week and AELP AAC Apprenticeship Awards in March 2022, Realise was crowned National Apprenticeship Provider of the Year. This accolade recognises excellence in the delivery of apprenticeships and is awarded to a single training provider. Realise was able to evidence high levels of engagement with learners and employers, high-quality teaching throughout the provision, and high levels of learner retention, progression, and positive outcomes.

APPRENTICESHIPS

Realise has a loyal and long standing base of high quality customers in both the private and public sector. Realise delivers apprenticeships in core sectors including early years and education, health and social care, transport and business services supporting learners to achieve their potential. Realise has strong social impact credentials through addressing skills shortages in key sectors and up-skilling workforces to tackle skills gaps and ageing workforces. Realise ended 2022 with 3,334 funded apprenticeship learners on programme and we are forecasting this to increase in 2023 through existing employers and new employers. Realise are committed to ensuring that Realise learners receive the highest level of support and guidance throughout their training journey. With Realise’s expertise and experience, Realise can help them to achieve their goals and unlock their full potential.

(Qube Qualifications and Development)

Realise has successfully secured 18 new employers and between 300-400 apprenticeship learners from Qube Qualifications and Development Limited (March 2023) following their unfortunate administration. This transfer has enabled Realise to expand Realise’s apprenticeship offering and provide high-quality training programmes in 2023.

Realise recognise that this has been a challenging time for the affected learners, employers, and staff at Qube Qualifications and Development. Realise has worked tirelessly to ensure that the transition is as smooth as possible, and Realise are proud to have taken on these apprentices and employers.

ADULT EDUCATION

Realise has a significant pipeline of new business in adult education programmes. Realise are currently awaiting the results of these bids, which are expected to be announced in the coming months. This pipeline represents a significant opportunity for Realise to diversify our revenue and funding streams and support more individuals and businesses through high-quality training solutions.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Key achievements in 2022 regarding Adult Education include the following and we expect to expand on these further in 2023:

- Key relationships established with local authorities to agree strategies and create curriculum to address the needs of local areas and ensure training is inclusive and accessible. 70% of adult education learners in 2021/2022 were from dis-advantaged post code areas
- In 2022, Realise opened a skills hub in Holme Wood, Bradford the 3rd most deprived estate in the region with an unemployment rate of 34% and 48% of residents having no qualifications. The skills hub has made learning more accessible with 40 people taking up learning opportunities within the first 2 months of opening
- Further skills hubs in Liverpool and Huddersfield to engage with previously harder to reach communities
- Realise's passenger transport 'Routes to Success' programme has resulted in 98% of learners on the programme going on to enroll on Stage 2 training (90%) or to secure employment (10%)

Realise are pleased to report that in March 2023 we have already won an expansion of our Route to Success programme with South Yorkshire Mayoral Combined Authority, which will enable us to provide training solutions to support the on-going recruitment crisis in passenger transport. In addition, in May 2023 Realise have secured a new funding stream via the Bootcamp programme in Greater Manchester Combined Authority, further expanding Realise's training offering in the region and supporting the on-going franchise of the bus network.

These wins, together with Realise's strong new business pipeline, could drive significant growth for Realise over the next six months. Realise remain committed to providing high-quality training solutions that support individual career progression and business growth.

OUR EMPLOYEES

The focus in 2022 has been on continuing to deliver the People Strategy and on developing a culture that is true to our behaviours, making Realise a great place to join, work, and thrive. As a result of these efforts, Realise has been externally recognised for its people practices being named No.1 Best Workplace for Women and No.6 Best Workplace for Wellbeing following its' certification as a Great Place to Work in 2021. It made the Best Workplaces lists in the Guardian and Sunday Telegraph and was featured in Elle Magazine.

Work has continued to embed the Realise Behaviours introduced in 2021, with all employees attending an in-person event to help them understand how to better manage their own behaviour and to undertake their work with a focus on quality, called 'The Realise Way'. Leadership coaching and the People Manager Development Series have continued with a particular focus on engaging employees, managing underperformance and recruiting the right people.

A new organisation structure was introduced at the end of 2022 to create a scalable and efficient operating model to enable Realise to continue to grow organically and by acquisition. This included broadening the Executive Committee.

Disabled Employees: Fair and full consideration is given to applications for employment from disabled persons, the continuing employment of any disabled staff, and to their training, career development and promotion. The company is an equal opportunities employer and has gained Disability Confident status.

Equity and Inclusion: As an employer Realise are committed to promoting equity and inclusion. Realise look to recruit, develop and promote employees, based on fairness and individual merit. The Realise workforce has 72% female employees and 28% male employees. The new Executive Committee is 58% female and 42% male. Realise are continuing to develop an inclusive environment and culture where everyone is treated fairly and with respect. In 2022 Realise became a Stonewall Champion to add to its efforts to reduce unconscious bias.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

AQUISITION UPDATE

With the acquisition of FW Solutions Limited, Realise have strengthened our early years portfolio in key regions such as North-East England and Yorkshire. This acquisition has enabled Realise to expand our apprenticeship offering and provide high-quality training programmes that support individual career progression and business growth.

The acquisition of Training Plus (Merseyside) Limited has helped Realise to establish ourselves as a leading provider of apprenticeships and adult education in Liverpool City region. With this acquisition, Realise are able to offer a broader range of training solutions to our clients, including programmes for 16-18 year olds (Traineeships and Study Programme).

Realise are pleased to report that both of these acquisitions have been successfully integrated into Realise, with all learners and staff transferred to our company.

Overall, we believe that these acquisitions evidence the ambitions of the business to grow inorganically as well as through organic development and growth. Realise are committed to providing our clients with high-quality training solutions that support individual career progression and business growth, and we are excited about the opportunities that these acquisitions bring.

KEY PERFORMANCE INDICATORS (KPIs)

The performance of the business is monitored at several different levels, including fundamental quality of education KPIs with a key focus on retention of learners and achievement rates.

The financial performance of the business is monitored at various levels, from overall company performance to the operational sectors. The key profit and loss measures considered by the board and management are turnover, EBITDA, adjusted EBITDA, cash balance and funded apprenticeship learners.

	2022 £	15 month period ending 31 December 2021 £
Turnover	17,950,682	18,681,469
Operational profit	1,293,010	559,776
Depreciation	93,385	49,762
Amortisation	(137,259)	(190,406)
EBITDA	1,249,136	419,132
Exceptional costs	344,219	778,165
Adjusted EBITDA	1,593,355	1,197,297
Cash Balance	1,491,893	1,329,004
Year End Funded Apprenticeship Learners	3,334	3,263

Exceptional costs relate to restructuring costs, investor monitoring fees and other costs that fall outside of normal trading activity.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the group's business and the execution of the group's strategy are subject to a number of risks.

War in Ukraine

The group recognises the invasion of Ukraine on 24 February 2022, which is ongoing, could have a material impact on the UK economy which may put further pressures on inflation. The group has no control over the prices that it charges for apprenticeships, as these are capped by the Institute for apprenticeships and technical education. The group has no direct or indirect relationships with Russia.

Government Policy

The group generates a significant majority of its turnover from government funded sources either directly or via devolved funds. Changes to government policy in respect of devolution, adult education, apprenticeship levy or SME apprenticeships is a risk facing the group. We note specifically the on-going pilot of reviewing apprenticeship standard funding bands and funding rules for apprenticeships.

Price Risk

The group is exposed to price risk as a result of its operations. The board closely monitors changes to prices across apprenticeship and adult education markets and reacts appropriately to such changes on a timely basis. The group has no control over the maximum prices that it charges for apprenticeships, as these are capped by the Institute for Apprenticeships and Technical Education.

Economic Risk

The group generates the majority of its turnover from training employer's workforces using apprenticeships. This relies on employers' upskilling their workforce and hiring new employees as apprentices. The economic situation with rising inflation may impact the number of organisations employing apprentices. As detailed in price risk the group has exposure to wage inflation as the group has no control over the maximum prices it charges for a majority of its products. Due to the industries Realise operates in, the Group has significant exposure to economic risk.

In addition, data security, cyber security and contract funding compliance are seen as the key internal risks. In 2023 Realise have successfully being awarded the certification of ISO27001. With regard to data security, the implementation of the General Data Protection Regulations has created a stronger regulatory regime, however, the group is fully aware of its obligations, and we have processes and policies in place to ensure compliance and risk management.

FINANCIAL RISK MANAGEMENT

The group has exposure to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the group's performance. The Board has policies for managing each of these risks.

The group currently receives the majority of its revenue from government sources and is not therefore exposed to significant credit risk. Additionally, the group considers that it is not subject to any interest rate or currency risk.

To mitigate liquidity risk the group prepares regular cash flow budgets and operational budgets which are reviewed by the Board. The group has access to financing facilities to satisfy working capital requirements if needed.

REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED (Registered number: 12888769)

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

G Scott

G Scott (Jun 13, 2023 13:33 GMT+1)

G M Scott – Director

Date: 13 June 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The group's principal activity is the provision of vocational training services.

Results and dividends

The profit for the period, after taxation, amounted to £1,580,539 (2021: £1,449,100).

Directors

The directors who have held office during the year from 1 January 2022 to the date of this report are as follows:

T C Cormack
G M Scott
S J Frith
L D Rimmington
M A Cooper
S Kamal
P J Denvers – appointed 25 January 2022

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Matters covered by the report

As permitted by Paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted, as they are included in the Strategic Report on pages 1 to 5.

Future developments

The future developments of the company are included within the Strategic Report on pages 1 to 5.

Going Concern

The Group reported a profit for the year after taxation of £1,580,539 (15 months ending 31 December 2021: £1,449,100) on turnover of £17,950,682 (15 months ending 31 December 2021: £18,681,469). The cash balance as at 31 December 2022 was £1,491,893 (2021: £1,329,004).

The Board have prepared trading and cashflow forecasts for a period of at least 12 months from the date of signing these financial statements. These forecasts indicate that the company's existing funding facilities and positive cash balance will be sufficient for the company to meet its liabilities as they become due in the scenarios forecast.

All expectations of the future are inherently uncertain, however, the Directors are confident that the Group has adequate resources for all reasonably expected eventualities. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to auditor

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

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

Auditor

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

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



G Scott (Jun 13, 2023 13:33 GMT+1)

G M Scott
Director

Date: 13 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED

Opinion

We have audited the financial statements of Realise Learning and Employment Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and parent company's affairs as at 31 December 2022 and of the group's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED

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 the audit:

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

Matters on which we are required to report by exception

In 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 the financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Office for Standards in Education (Ofsted) regulation, Education and Skills Funding Agency regulation, employment regulation, health and safety regulation, anti-money laundering regulation, data protection regulation and the Bribery Act 2010.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of ESFA and ESIF income provisions, revenue recognition (which we pinpointed to the occurrence of revenue) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.


Shaun Mullins (Jun 13, 2023 16:29 GMT+1)

Shaun Mullins (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place

Leeds

LS1 4AP

Date: 13 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	15 mths to 31 Dec 2021 £
Turnover	4	17,950,682	18,681,469
Cost of sales		(13,649,138)	(14,920,245)
Gross profit		4,301,544	3,761,224
Administrative expenses		(2,664,315)	(2,735,738)
Other operating income	5	-	312,455
Exceptional costs	6	(344,219)	(778,165)
Operating profit	7	1,293,010	559,776
Interest payable and expenses	11	(25,139)	(1,938)
Profit before taxation		1,267,871	557,838
Tax on profit	12	312,668	891,262
Profit for the financial year		<u>1,580,539</u>	<u>1,449,100</u>
Profit for the year attributable to:			
Owners of the parent Company		1,580,539	1,449,100
		<u>1,580,539</u>	<u>1,449,100</u>

All activities relate to continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 20 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	146,094	239,488
Positive goodwill	13	1,111,384	-
Negative goodwill	13	(354,015)	(651,539)
Tangible assets	14	281,866	164,254
		<u>1,185,329</u>	<u>(247,797)</u>
Current assets			
Debtors: amounts falling due after more than one year	16	630,385	486,752
Debtors: amounts falling due within one year	16	2,888,662	2,381,369
Cash at bank and in hand	17	1,491,893	1,329,004
		<u>5,010,940</u>	<u>4,197,125</u>
Creditors: amounts falling due within one year	18	(2,655,176)	(1,832,472)
Net current assets		<u>2,355,764</u>	<u>2,364,653</u>
Total assets less current liabilities		<u>3,541,093</u>	<u>2,116,856</u>
Provision for liabilities	19	(463,449)	(624,156)
Deferred taxation	20	(1,717)	-
Net assets		<u>3,075,927</u>	<u>1,492,700</u>
Capital and reserves			
Called up share capital	21	919	900
Share premium account	22	45,369	42,700
Profit and loss account	22	3,029,639	1,449,100
Equity attributable to owners of the parent Company		<u>3,075,927</u>	<u>1,492,700</u>

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

G Scott

G Scott (Jun 13, 2023 13:33 GMT+1)

G M Scott
Director

Date: 13 June 2023

The notes on pages 20 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	268,070	268,070
Current assets			
Debtors	16	<u>1,000,000</u>	<u>-</u>
Creditors: amounts falling due within one year	18	(1,251,193)	(224,470)
Net assets		<u>16,877</u>	<u>43,600</u>
Capital and reserves			
Called up share capital	21	919	900
Share premium account	22 22	45,369	42,700
Profit and loss account		(29,411)	-
		<u>16,877</u>	<u>43,600</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year ending 31 December 2022 was £29,411 (2021: £nil).

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

G Scott
G Scott (Jun 13, 2023 13:33 GMT+1)

G M Scott
Director

Date: 13 June 2023

The notes on pages 20 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 18 September 2020	-	-	-	-	-
Comprehensive income for the period					
Profit for the period	-	-	1,449,100	1,449,100	1,449,100
Total comprehensive income for the period	-	-	1,449,100	1,449,100	1,449,100
Contributions by and distributions to owners					
Shares issued during the period	900	42,700	-	43,600	43,600
Total transactions with owners	900	42,700	-	43,600	43,600
At 1 January 2022	900	42,700	1,449,100	1,492,700	1,492,700
Comprehensive income for the year					
Profit for the year	-	-	1,580,539	1,580,539	1,580,539
Total comprehensive income for the year	-	-	1,580,539	1,580,539	1,580,539
Contributions by and distributions to owners					
Shares issued during the year	19	2,669	-	2,688	2,688
Total transactions with owners	19	2,669	-	2,688	2,688
At 31 December 2022	<u>919</u>	<u>45,369</u>	<u>3,029,639</u>	<u>3,075,927</u>	<u>3,075,927</u>

The notes on pages 20 to 37 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 18 September 2020	-	-	-	-
Comprehensive income for the period				
Profit for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Contributions by and distributions to owners				
Shares issued during the period	900	42,700	-	43,600
Total transactions with owners	900	42,700	-	43,600
At 1 January 2022	900	42,700	-	43,600
Comprehensive loss for the year				
Loss for the year	-	-	(29,411)	(29,411)
Total comprehensive loss for the year	-	-	(29,411)	(29,411)
Contributions by and distributions to owners				
Shares issued during the year	19	2,669	-	2,688
Total transactions with owners	19	2,669	-	2,688
At 31 December 2022	<u>919</u>	<u>45,369</u>	<u>(29,411)</u>	<u>16,877</u>

The notes on pages 20 to 37 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	15 mths to 31 Dec 2021 £
Cash flows from operating activities		
Profit for the financial year	1,580,539	1,449,100
Adjustments for:		
Amortisation of intangible assets	(137,259)	(190,406)
Depreciation of tangible assets	93,385	49,762
Profit on disposal of tangible assets	-	(167)
Interest paid	25,139	1,938
Taxation credit	(312,668)	(891,262)
Decrease/(increase) in debtors	83,042	(250,013)
Decrease in creditors	(1,007,010)	(88,878)
Net cash generated from operating activities	<u>325,168</u>	<u>80,074</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(182,180)	(184,370)
Purchase of intangible fixed assets	(30,000)	(40,836)
Disposal of tangible fixed assets	-	167
On acquisition of subsidiaries	(949,894)	1,432,307
Net cash from investing activities	<u>(1,162,074)</u>	<u>1,207,268</u>

The notes on pages 20 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from financing activities		
Issue of ordinary shares	2,688	43,600
Proceeds from borrowing	1,000,000	-
Interest paid	(2,893)	(1,938)
Net cash used in financing activities	<u>999,795</u>	<u>41,662</u>
Net increase in cash and cash equivalents	<u>162,889</u>	<u>1,329,004</u>
Cash and cash equivalents at beginning of year	1,329,004	-
Cash and cash equivalents at the end of year	<u><u>1,491,893</u></u>	<u><u>1,329,004</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,491,893	1,329,004
	<u><u>1,491,893</u></u>	<u><u>1,329,004</u></u>

The notes on pages 20 to 37 form part of these financial statements.

REALISE LEARNING AND EMPLOYMENT HOLDINGS LIMITED (Registered number: 12888769)

CONSOLIDATED ANALYSIS OF NET FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>At 1 January</u> <u>2022</u> <u>£</u>	<u>On</u> <u>Acquisition</u> <u>£</u>	<u>Cash flows</u> <u>£</u>	<u>Other non-</u> <u>cash</u> <u>changes</u> <u>£</u>	<u>At 31</u> <u>December</u> <u>2022</u> <u>£</u>
Cash at bank and in hand	1,329,004	(949,894)	1,112,783	-	1,491,893
Debt due within 1 year	-	-	(1,000,000)	-	(1,000,000)
	<u>1,329,004</u>	<u>(949,894)</u>	<u>112,783</u>	<u>-</u>	<u>491,893</u>

The notes on pages 20 to 37 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Realise Learning and Employment Holdings Limited ("the Company") is a private company, limited by shares incorporated in the United Kingdom. The company is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together referred to as 'the Group'). The address of its registered office and principal place of business is 12 Europa View, Sheffield Business Park, Sheffield, England, S9 1XH.

The financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the Group and Company operates.

The principal activity of the group is the provision of vocational training services. The principal activity of the company is that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

2.3 Financial reporting standard 102 – reduced disclosure exemptions

The Parent Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A
- the requirements of Section 33 Related Party Disclosures paragraphs 33.7

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Going concern

The Group reported a profit for the year after taxation of £1,580,539 (15 months to 31 December 2021: £1,449,100) on turnover of £17,950,682 (15 months to 31 December 2021: £18,681,469). The cash balance as at 31 December 2022 was £1,491,893 (2021: £1,329,004).

The Board have prepared trading and cashflow forecasts for a period of at least 12 months from the date of signing these financial statements. These forecasts indicate that the Group's existing funding facilities and positive cash balance will be sufficient for the Group to meet its liabilities as they become due in the scenarios forecast.

All expectations of the future are inherently uncertain, however, the Directors are confident that the Group has adequate resources for all reasonably expected eventualities. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Revenue

Turnover comprises revenue for training services supplied and is exclusive of any VAT. It is recognised by the Group when receivable in respect of new learner recruitment, training delivered or achievement of qualifications. Revenue and related profit are only recognised when it has been delivered in accordance with a contract and, if dependent on a successful outcome for the learner, recognised only on achievement. The funding contracts have a number of performance and documentation criteria attached to them. Revenue is recognised to the extent that management consider the relevant criteria to be used for assessment have been met. Where uncertainty exists, income is deferred and included within other provisions until the outcome of contract reviews is finalised.

2.6 Government grants

Grants are accounted for under the accruals method as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Investment in Subsidiaries

Investment in subsidiary undertakings are recorded at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of impairment. The investment is impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the investment have been affected.

2.8 Intangible fixed 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 impairment losses.

Intangible assets consist of computer software and are amortised on a straight line basis over 3 – 5 years. Amortisation is charged to administrative expenses within the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised to the Statement of Comprehensive Income over the period that the non-monetary assets acquired are expected to be benefitted.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives on the following bases:

Fixtures and fittings	- straight line over 3-4 years
Computer equipment	- straight line over 3 years
Leasehold improvements	- straight line over the period of the lease
Motor vehicles	- straight line over 4 years

Depreciation is charged to administrative expenses within the Statement of Comprehensive Income.

2.11 Provision for liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is made to repay initial funding provided by the customer, where learners do not meet minimum contractual learning periods.

Performance and obligations against customer and supplier contracts are reviewed on a regular basis. Where necessary, provisions are made against these contracts. These provisions require management's best estimate of the financial implications at the date of these financial statements.

2.12 Debtors

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

2.13 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 income or directly in equity respectively.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time of the expected reversal of the timing differences.

2.15 Hire purchase and leasing commitments

Rentals under operating leases are charged on a straight line basis over the lease terms. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.16 Dilapidation provision

Provision is made for contractual property dilapidation obligations during the period of occupation of each premise.

2.17 Employee benefit costs

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

2.18 Exceptional Items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Judgements and key areas of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Statement of Financial Position date and the amounts reported for income and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Revenue is recognised reflecting learners on programme at the end of each accounting period. Where learner attrition occurs prior to the period end, historic trends are used as a basis for estimating potential revenue reduction which is accounted for as a provision.

4. Turnover

The whole of the turnover is attributable to the provision of services within the education and training sector.

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	15 mths to 31 Dec 2021 £
Government grant income	-	312,455

6. Exceptional costs

	2022 £	15 mths to 31 Dec 2021 £
Restructuring costs	146,049	325,684
Other costs outside normal trading	54,758	236,462
Investor monitoring fess	143,412	216,019
	<u>344,219</u>	<u>778,165</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Operating profit

The operating profit is stated after charging:

	2022 £	15 mths to 31 Dec 2021 £
Depreciation of tangible fixed assets	93,385	49,762
Amortisation of intangible assets	125,261	179,829
Amortisation of positive goodwill	35,004	-
Amortisation of negative goodwill	(297,524)	(370,235)
Operating lease rental costs	165,504	165,756
Profit on disposal of fixed asset	-	(167)
Defined contribution pension cost	<u>246,206</u>	<u>276,320</u>

8. Auditor's remuneration

	2022 £	15 mths to 31 Dec 2021 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts		
- Realise Learning and Employment Holdings Limited	15,500	13,250
- Subsidiaries of Realise Learning and Employment Holdings Limited	37,500	33,500
	<u>53,000</u>	<u>46,750</u>

Fees payable to the Group's auditor in respect of:

Other services relating to taxation	10,750	13,250
All other services	3,300	6,500
	<u>14,050</u>	<u>19,750</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 15 mths to 31 Dec 2021 £
Wages and salaries	10,050,355	11,014,448
Social security costs	975,150	993,862
Cost of defined contribution scheme	246,206	276,320
	<u>11,271,711</u>	<u>12,284,630</u>

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

	2022 No.	15 mths to 31 Dec 2021 No.
Training & Assessment	267	223
Administration & Support	89	80
Directors	5	5
	<u>361</u>	<u>308</u>

10. Directors' remuneration

	2022 £	15 mths to 31 Dec 2021 £
Directors' emoluments	511,100	644,483
Company contributions to defined contribution pension schemes	21,773	25,686
	<u>532,873</u>	<u>670,169</u>

The highest paid director received remuneration of £136,692 (2021: £218,886) and pension contributions of £10,302 (2021: £12,320) into a defined pension scheme.

During the year retirement benefits were accruing to 5 directors (2021 - 5) in respect of defined contribution pension schemes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest	24,729	-
Other interest payable	410	1,938
	<u>25,139</u>	<u>1,938</u>

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Deferred tax current period	(237,628)	(891,262)
Deferred tax effects of tax rate changes	(75,040)	-
Taxation on profit on ordinary activities	<u>(312,668)</u>	<u>(891,262)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,267,871</u>	<u>557,838</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	240,895	105,989
Effects of:		
Expenses not deductible for tax purposes	(49,758)	(65,993)
Fixed asset differences	(4,008)	(11,514)
Movements in deferred tax	(419,055)	(919,744)
Deferred tax effects of tax rate changes	(75,040)	-
Other differences	(5,702)	-
Total tax charge for the year	<u>(312,668)</u>	<u>(891,262)</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

As at 31 December 2022 the group has carried forward tax losses of £14,047,877 (2021: £14,797,983).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets

Group

	Software £	Positive Goodwill £	Negative Goodwill £
Cost			
At 1 January 2022	1,028,485	-	(1,021,774)
On acquisition	4,000	1,146,388	-
Additions	30,000	-	-
At 31 December 2022	<u>1,062,485</u>	<u>1,146,388</u>	<u>(1,021,774)</u>
Amortisation			
At 1 January 2022	788,997	-	(370,235)
On acquisition	2,133	-	-
Charge for period	125,261	35,004	(297,524)
At 31 December 2022	<u>916,391</u>	<u>35,004</u>	<u>(667,759)</u>
Net Book Value			
At 31 December 2022	<u>146,094</u>	<u>1,111,384</u>	<u>(354,015)</u>
At 31 December 2021	<u>239,488</u>	<u>-</u>	<u>(651,539)</u>

The amortisation of both positive and negative goodwill is recognised within amortisation of goodwill.

On 6 September 2022 Realise Learning and Employment Limited acquired the entire issued share capital of FW Solutions Limited for consideration of £675,388. The transaction was accounted for using the acquisition method of accounting.

At the date of acquisition, the assets and liabilities of FW Solutions Limited were consolidated at their fair values to the Group as set out below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets continued

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets	9,036	-	9,036
Debtors	146,528	-	146,528
Cash in hand	-	-	-
Current liabilities	(239,772)	-	(239,772)
Deferred taxation	(1,717)	-	(1,717)
Total Net Liabilities	<u>(85,925)</u>	<u>-</u>	<u>(85,925)</u>
Consideration paid			675,388
Goodwill			761,313

The consideration is broken down by cash on acquisition of £527,201, deferred consideration of £90,000 and transaction costs of £58,187.

Cash outflow on acquisition

	£
Cash and cash equivalents acquired	-
Less:	
Purchase consideration settled in cash, as above	(527,201)
Directly attributable costs	<u>(58,187)</u>
	(585,388)
Net cash outflow on acquisition	<u>(585,388)</u>

The results of FW Solutions Limited since acquisition are as follows:

	31 December 2022 Current period since acquisition £
Turnover	226,126
Operating profit for the period	59,942
Adjusted EBITDA for the period	61,525

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets continued

On 3 October 2022 Realise Learning and Employment Limited acquired the entire issued share capital of Training Plus (Merseyside) Limited for consideration of £364,757. The transaction was accounted for using the acquisition method of accounting.

At the date of acquisition, the assets and liabilities of Training Plus (Merseyside) Limited were consolidated at their fair values to the Group as set out below:

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets	21,401	-	21,401
Debtors	274,772	-	274,772
Cash in hand	251	-	251
Current liabilities	(303,742)	-	(303,742)
Provisions for liabilities	(13,000)	-	(13,000)
Total Net Liabilities	<u>(20,318)</u>	<u>-</u>	<u>(20,318)</u>
Consideration paid			364,757
Goodwill			385,075

The consideration is broken down by cash £308,880 and transaction costs of £55,877.

Cash outflow on acquisition

	£
Cash and cash equivalents acquired	251
Less:	
Purchase consideration settled in cash, as above	(308,880)
Directly attributable costs	<u>(55,877)</u>
	<u>(364,757)</u>
Net cash outflow on acquisition	<u>(364,506)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets continued

The results of Training Plus (Merseyside) Limited since acquisition are as follows:

	31 December 2022 Current period since acquisition £
Turnover	127,440
Operating loss for the period	(26,947)
Adjusted EBITDA for the period	(10,391)

Negative goodwill relates to the acquisition of Realise Working Futures Limited and its subsidiary undertakings on 2 October 2020. The transaction was accounted for using the acquisition method of accounting. The negative goodwill is being amortised up to and including 2026.

14. Tangible assets

Group

	Leasehold Improvements £	Motor Vehicles £	Office Equipment £	Computer Equipment £	Total £
Cost					
At 1 January 2022	46,755	-	76,029	923,722	1,046,506
On acquisition	20,000	-	100,521	66,390	186,911
Additions	<u>-</u>	<u>41,763</u>	<u>38,754</u>	<u>101,663</u>	<u>182,180</u>
At 31 December 2022	<u>66,755</u>	<u>41,763</u>	<u>215,304</u>	<u>1,091,775</u>	<u>1,415,597</u>
Depreciation					
At 1 January 2022	23,318	-	34,399	824,535	882,252
On acquisition	4,334	-	93,352	60,408	158,094
Charge for the period	<u>7,196</u>	<u>3,066</u>	<u>24,048</u>	<u>59,075</u>	<u>93,385</u>
At 31 December 2022	<u>34,848</u>	<u>3,066</u>	<u>151,799</u>	<u>944,018</u>	<u>1,133,731</u>
Net book value					
At 31 December 2022	<u>31,907</u>	<u>38,697</u>	<u>63,505</u>	<u>147,757</u>	<u>281,866</u>
At 31 December 2021	<u>23,437</u>	<u>-</u>	<u>41,630</u>	<u>99,187</u>	<u>164,254</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Fixed asset investments

Company

	Investment in subsidiary undertakings £
Cost	
At 1 January 2022	268,070
Additions	-
At 31 December 2022	<u>268,070</u>

Subsidiary undertakings

As at 31 December 2022, the company holds the share capital of the following principal companies incorporated in England and Wales (indirectly*):

Company	Principal activity	Share class held	%
Realise Working Futures Limited	Intermediate holding company	Ordinary	100
ESG Holdings Limited*	Intermediate holding company	Ordinary	100
ESG Intermediate Holdings Limited *	Intermediate holding company	Ordinary	100
ILE Corporate Services Limited *	Administrative and management services	Ordinary	100
Realise Learning and Employment Limited *	Vocational training	Ordinary	100
Sencia Limited *	Provision of training and employment services	Ordinary & Preference	100
FW Solutions Limited*	Vocational training	Ordinary	100
Training Plus (Merseyside) Limited*	Vocational training	Ordinary	100

The registered office of all subsidiary investments as at 31 December 2022 with the exclusion of FW Solutions Limited and Training Plus (Merseyside) Limited is the same as that listed for the company.

The registered office of FW Solutions Limited as at 31 December 2022 is Windsor House, Cornwall Road, Harrogate, England HG1 2PW.

The registered office of Training Plus (Merseyside) Limited as at 31 December 2022 is G8 Shipwright House, Queens Dock Business Centre, 67-83 Norfolk Street, Liverpool, Merseyside, England L1 0BG.

All entities above have been included in the consolidation.

Realise Working Futures Limited, ESG Holdings Limited, ESG Intermediate Holdings Limited and Sencia Limited are taking exemption from audit under Section 479A of the Companies Act 2006.

ILE Corporate Services Limited was dissolved on 24th January 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Deferred tax asset (see note 20)	630,385	486,752	-	-
	<u>630,385</u>	<u>486,752</u>	<u>-</u>	<u>-</u>

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Trade debtors	109,488	108,847	-	-
Deferred tax asset (see note 20)	573,545	404,510	-	-
Corporation tax asset	10,049	-	-	-
Amounts owed by group undertakings	-	-	1,000,000	-
Other debtors	26,002	5,412	-	-
Prepayments and accrued income	2,169,578	1,862,600	-	-
	<u>2,888,662</u>	<u>2,381,369</u>	<u>1,000,000</u>	<u>-</u>

Amounts owed by group undertakings are repayable on demand

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	1,491,893	1,329,004	-	-
	<u>1,491,893</u>	<u>1,329,004</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loan	1,000,000	-	1,000,000	-
Trade creditors	474,176	410,613	22,246	-
Amounts owed to group undertakings	-	-	228,947	224,470
Corporation tax	20,096	-	-	-
Other taxation and social security	316,807	307,403	-	-
Other creditors	456,457	198,932	-	-
Accruals and deferred income	387,640	915,524	-	-
	<u>2,655,176</u>	<u>1,832,472</u>	<u>1,251,193</u>	<u>224,470</u>

Amounts owed to group undertakings are repayable on demand.

19. Provisions for liabilities

	Group 2022 £	Group 2021 £
Dilapidations provisions	58,252	52,002
Other Provisions	<u>405,197</u>	<u>572,154</u>
	<u>463,449</u>	<u>624,156</u>

	Dilapidations Provisions 2022 £	Other Provisions 2022 £
Balance at 1 January 2022	52,002	572,154
Utilised in year	(550)	(236,527)
Charge for the year	<u>6,800</u>	<u>69,570</u>
Balance at 31 December 2022	<u>58,252</u>	<u>405,197</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	891,262	-
Credited to profit or loss	312,668	891,262
At end of year	1,203,930	891,262

The provision for deferred taxation is made up as follows:

	Group 2022 £	Group 2021 £
Accelerated capital allowances	1,111,324	763,214
Short term timing differences	6,946	-
Depreciation in excess of capital allowances	85,660	128,048
	1,203,930	891,262

The Group also has a deferred tax liability of £1,717 at 31 December 2022 (2021: Nil)

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
60,000 Ordinary A shares of £0.01 each (2021: 60,000 @ £0.01)	600	600
15,000 Ordinary B1, B2 and B3 shares of £0.02 each (2021: 15,000 @ £0.02)	300	300
950 Ordinary B4 shares of £0.02 each (2021: nil)	19	-
	919	900

All shares have equal voting rights and entitlement to dividends. The B1, B2 and B3 shares rank pari passu on such a return of capital up to a hurdle amount of £15m. A return over this hurdle amount will affect the percentage distribution amongst the classes. The B4 shares have a right to participate in any capital distribution where such amount exceeds £7.5m.

22. Reserves

Share premium account

This reserve represents amounts received for shares in excess of their nominal value.

Profit & loss account

This reserve represents cumulative profits and losses less dividends paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £246,206 (2021: £276,320). Contributions totalling £58,871 (2021: £49,232) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	173,205	138,001
Later than 1 year and not later than 5 years	94,555	335,109
	<u>267,760</u>	<u>473,110</u>

25. Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" to not disclose transactions with fellow Group companies.

During the period, the group paid fees of £192,269 (2021: £300,195) to an entity with control over the company.

There was £22,247 (2021: £nil) owed at the period end relating to interest charges to an entity with control over the company.

Other loans of £1m (2021: £nil) are owed to an entity with control over the company.

26. Controlling party

Realise Learning and Employment Holdings Limited is considered to be under the control of funds managed by Enact II GP LP which is authorised and regulated by the Financial Conduct Authority.

The directors consider that there is no one ultimate controlling party by virtue of there being no majority shareholder within the ultimate parent entity.