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REGISTERED NUMBER: 10908456 (England and Wales)

**TRANSFORMING TRAINING WITH TECHNOLOGY
LIMITED**

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2023

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TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS: K N Franklin
G D Sword
M Somerville
P M M Sinclair - resigned 31/01/2024
M B Boden - appointed 01/06/2024

REGISTERED OFFICE: Hurn View House
5 Aviation Park West
Bournemouth International Airport
Hurn
Dorset
BH23 6EW

REGISTERED NUMBER: 10908456 (England and Wales)

AUDITORS: BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
Hampshire
SO14 3TL



TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2023.

INTRODUCTION

The aim of the Group is to deliver the "Highest Impact Learning for Safety Critical Industries".

PRINCIPAL ACTIVITIES

The principal activities of the group are:

3t Training Services: Best-in-class learning experiences delivered at state-of-the-art training centres strategically placed in five UK locations (Aberdeen, Glasgow, Newcastle, Manchester, and London), a Joint Venture in Guyana and on-site mobile training hubs internationally.

3t Digital: is a connected platform of cloud-based software and technology offering a range of highly configurable software solutions to effectively manage employees' compliance, competency, and learning. Our workforce training software streamlines selecting and deploying the best-qualified workers for the job. 3t Digital additionally provides a portfolio of learning technologies for workforces operating in high hazard environments.

3t Drilling Systems: is a deep learning technology for the oil & gas industry with a range of highly advanced simulators. These enable workers to expand their knowledge and hone their skills and build safety critical competence in a safe, immersive and engaging environment. Available on-site, in the cloud or at one of our customer training centres, the simulators emulate drilling, well control, well intervention and crane operations in real time.

Across 3t's businesses, we also offer bespoke blended training, learning, induction, and upskilling programmes, harnessing the capabilities across our training, technology and simulation offering.

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

FAIR REVIEW OF THE BUSINESS

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

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

	Unit	Year ended 31 December 2023	Year ended 31 December 2022
Revenue	£	60,346,051	49,425,555
Gross Profit	£	30,122,220	26,036,615
Gross Margin	%	49.9	52.7
EBITDA*	£	12,007,025	11,006,545

*EBITDA (before non-recurring items) is calculated as earnings before interest, tax, depreciation, amortisation, unrealised foreign exchange gains or losses and non-recurring items plus share of operating profit in joint ventures.

The Group had a positive 2023 with growth across a number of its key areas. Our strategic objectives of broadening our offer, expanding into adjacent sectors, deepening our digital capability and internationalisation have all advanced and continue to do so. Revenue increased by 22% from £49.4m to £60.3m and EBITDA* increased from £11.0m to £12.0m.

The Group's client base continues to increase as we win further work in our existing verticals as well as expanding into other relevant markets. Accretive acquisitions continue to form part of our strategy where there is a clear business rationale.

Our joint venture with EnerMech, 3t EnerMech, is strengthening with physical training capability now in Guyana.

The fundamentals of the business remain strong, and the Board believes that a combination of our training and technology offering, our sector diversification as the energy transition gathers pace and wider geographic spread leaves the Group well positioned going into 2024 and beyond.

PRINCIPAL RISKS AND UNCERTAINTIES

The current geopolitical and economic environment represents the principal risk and uncertainty as well as an opportunity. Energy security, exacerbated by events in Ukraine & Gaza which are ongoing, continue to be front of mind to all governments. 2022's increase in energy prices has resulted in inflationary pressures across all aspects of our cost base. Globally this has led to increases in interest rates which we monitor closely and fluctuating exchange rates. Energy prices remain at levels at which our clients are investing for the future and this, combined with a general lack of access to skilled workers remains an opportunity for the Group.

The political backdrop in the UK is in a state of flux. North Sea Oil & Gas investment is not being encouraged, a key market for 3t, a policy that is likely to be continued should there be a change of administration. More positively, we foresee a more proactive skills agenda for the UK, investment in the energy transition including offshore wind which is a key market for 3t.

The above risks may all impact the Group's anticipated order values, contract commitments and related cash flows. This risk is managed as far as possible via diversification across a wide range of customers and products and services and so the group is not reliant upon any single customer, or group of customers, or upon any single product or service.

Other risks include the potential obsolescence of the Group's products and the risks of competition. The Group invests appropriately to ensure that the range of products and services offered to customers remains at the forefront of technology. As such, the Group believe it is mitigating in so far as possible the risks of obsolescence and competition.

Foreign exchange risk principally relates to the GBP to USD exchange rate as a proportion of revenues are collected in US dollars. The Group avoids contracts in other currencies where possible. The exposure to foreign currency is reviewed by the directors and managed via forward exchange currency contracts where appropriate.

The business' principal financial instruments comprise bank debt, trade debtors, trade creditors and intercompany loans and loan notes both to and from the Group and Company. The main purpose of these instruments is to finance the business' operations. The Group bank facility with Investec Bank was repaid in May 2024 and replaced with a \$100m Nordic Bond facility that is now in place until May 2028.

In respect of bank balances, the business' cash balances are held in different accounts and currencies in various territories with liquidity levels managed closely at a Group level.

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

Cyber security represents another area of risk and is one which is monitored closely by the Board. The business is ever vigilant in this regard, has clear policies & procedures, ongoing awareness campaigns, uses state of the art firewalls and utilises ISO 27001 as a framework for ensuring external audits are undertaken regularly.

OUR TEAM

Our colleagues are our key asset in order to deliver quality solutions for our clients and we are constantly looking to strengthen and enhance our team. We review our remuneration to ensure it is competitive and our employees receive training and other development as appropriate.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

ESG is a key focus for the Board. We are focused on creating a sustainable future by providing innovative solutions that help our customers operating in safety-critical industries to develop a safer and more efficient workforce. 3t embraces the core principles of integrity and accountability and positions our ESG responsibilities at the centre of our business - our aim is to ensure our ESG activity is relevant, transparent, and achievable to all stakeholders.

The growth of our business, through its transformational strategy and a focus on the energy transition, has accelerated efforts on reducing our environmental impact, building an inclusive and fair workplace whilst continuing to ensure the health, safety and wellbeing of our colleagues, customers and stakeholders.



Our ESG strategy aims to encompass all areas of our business as well as support the industries we work in and stakeholders we work with:

- Environmental - Our commitment is to minimise our environmental impact and increase our transparency and accountability in all aspects of how we do business.
- Social - Committed to an inclusive, motivated and competent workforce that is provided with a healthy and safe work environment and that is engaged with the communities in which we work
- Governance - Ensuring that we operate to the highest ethical standards and that the company is managed with the rigour required to meet stakeholder expectations

Our key target areas relating to ESG are:

Environmental

- Transforming our training techniques and facilities by integrating climate change measures to reduce our carbon footprint.
- Engage with our supply chain to inform them of our vision and support them to obtain their own ESG targets. ESG commitment will form part of our supplier selection criteria.
- Reduce our training materials & consumables and move towards more sustainable methods.
- Provide training to our colleagues to educate and action the efforts around reducing environmental impact including supporting the customers they engage with.

Social

- Create an inclusive workplace in which all colleagues feel supported and valued in order to perform to the highest standard.
- Provide equal and fair opportunities for all colleagues.
- Continue to ensure safety is our number one priority for our workforce and customers and that we live up to it through the implementation of our Management System.
- Support local charities & volunteering to contribute to the wellbeing of our associated communities.

Governance

- Through the implementation of a comprehensive framework of policies, procedures and controls.
- Regular mentoring, review and challenging by the Board of Directors.
- Continue to participate in external auditing.
- Monitor CMS incident matrix & mitigate if require.

FUTURE DEVELOPMENTS

To maintain our position in the market we continue to develop new products and services, continue to invest in and develop new technology and technology solutions, and invest appropriately when growth opportunities arise. We are pro-actively looking to expand our international footprint to bring 3t's offer to a wider market where opportunity arises.

Building upon the success in 2023, the Group has set out objectives to achieve for the coming financial year and the Directors believe the Group is well placed for 2024 and beyond.

GOING CONCERN

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the financial statements which show that the group is able to meet all its liabilities as they fall due including a detailed going concern stress test for Transforming Training With Technology Limited for which further detail is given within note 2 to the financial statements.

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

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

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

SECTION 172 OF THE COMPANIES ACT 2006

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

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

This process will help to further enhance the corporate governance principles in the business and allow further engagement with its customers, suppliers and employees. Throughout 2024, the Board will continue to review and challenge how the company can improve engagement with its employees and stakeholders.

HEALTH & SAFETY

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

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

QUALITY

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

To ensure this, the Group has successfully implemented a fully integrated management system (IMS) which is certified by BSI to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 27001:2022 standards.

POST BALANCE SHEET EVENTS


In May 2024, 3T Global Bidco plc issued a \$100m Nordic bond, for which \$30m remains undrawn and is in Escrow for a potential acquisition. In May 2024, the group drew down \$70m for which an element remained within the business and the bank loans as at 31 December 2023 (which totalled £45m) were fully repaid. The remainder of the facility will be utilised to fund the group's operations and future acquisitions.

As at the approval date of the financial statements the Nordic bond is not listed and was not listed prior to this date. The Norwegian Bond is repayable on 22 May 2028 and the repayment date on the loan notes issued by 3T Global Subco Limited has subsequently been extended from 31 October 2024 to 31 May 2028.

During the year ended 31 December 2023, the immediate parent company was 3T Global Holdco Limited incorporated in England and Wales. Post year-end, the company's immediate parent undertaking became 3T Global Bidco plc (formerly 3T Global Bidco Limited), a company incorporated in England and Wales.

On 7 June 2024, 3t acquired 100% of the share capital of ALL STOP! Inc. a leading provider of training based in Houston, Texas. 3t has also signed a sale and purchase agreement to acquire a training business in the Middle East and we are now awaiting regulatory approval to complete the acquisition.

Approved by the board on 27 June 2024 and signed on its behalf by:


.....
Kevin Franklin, Director

Date: 27 June 2024

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2023.

RESULTS AND DIVIDENDS

The loss for the year amounted to £10,455,869 (year ended 31 December 2022: £8,125,089). No dividend was declared or paid during the year or prior year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

K N Franklin
G D Sword
M Somerville

Other changes in directors holding office are as follows:

Patrick Sinclair ceased to be a director on 31 January 2024 and Martin Boden was appointed as a director on 1 June 2024.

POLITICAL CONTRIBUTIONS

The company/group made no political donations or incurred any political expenditure during the year or prior year.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

EMPLOYMENT OF DISABLED PERSONS

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

MATTERS COVERED IN THE STRATEGIC REPORT

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

AUDITORS

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

Approved by the board on 27 June and signed on its behalf by:



.....
Kevn Franklin, Director

Date: 27 June 2024



TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 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 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; and
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Transforming Training with Technology Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2023 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
 - Discussion with management and those charged with governance;
 - Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;
- we considered the significant laws and regulations to be Companies Act 2006, the applicable accounting frameworks and tax regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, GDPR and tax legislation.

Our procedures in respect of the above included:

- Discussions with Management and those charged with governance regarding known or suspected instances of non-compliance with laws and regulations and fraud.
- Review of minutes of meetings of those charged with governance for any evidence of non-compliance with laws and regulations and fraud and a review of legal expense accounts.
- We reviewed the Group's tax computations and returns and financial statements against the requirements of the relevant tax legislation and applicable accounting frameworks respectively.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the fraud risk areas to be management override of controls and the risk of fraud in revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Evaluation of management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considering that the principal risks were related to the posting of inappropriate journal entries to improve the result before tax for the year.
- Challenging assumptions made by management in their significant accounting estimates and assessing whether the judgements made in accounting entries are indicative of potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

James Newman

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

Date: 27 June 2024

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

TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

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CONSOLIDATED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
TURNOVER	3	60,346,051	49,425,555
Cost of sales		<u>30,223,831</u>	<u>23,388,940</u>
GROSS PROFIT		30,122,220	26,036,615
Administrative expenses		30,964,480	25,120,460
EBITDA (before non-recurring items, unrealised foreign exchange gains plus share of profit in joint ventures)			
		12,007,025	11,006,545
Share of profit in joint venture	14	(450,000)	-
Depreciation	13	(1,906,667)	(1,663,436)
Amortisation	12	(7,351,320)	(6,695,492)
Non-recurring items	8	(2,231,114)	(1,702,714)
Unrealised foreign exchange (losses)/gains		(562,616)	552,332
Other operating income		<u>347,568</u>	<u>581,080</u>
OPERATING (LOSS)/PROFIT	6	(494,692)	1,497,235
Share of profit in joint venture	14	450,000	-
Interest receivable and similar income	9	54	4,025
Interest payable and similar expenses	10	<u>(11,437,448)</u>	<u>(9,289,270)</u>
LOSS BEFORE TAXATION		(11,482,086)	(7,788,010)
Taxation (credit)/charge	11	<u>(1,026,217)</u>	<u>337,079</u>
LOSS FOR THE FINANCIAL YEAR		<u>(10,455,869)</u>	<u>(8,125,089)</u>
Loss attributable to:			
Shareholders of the parent company		<u>(10,455,869)</u>	<u>(8,125,089)</u>

TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

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CONSOLIDATED
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
LOSS FOR THE YEAR		(10,455,869)	(8,125,089)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(10,455,869)</u>	<u>(8,125,089)</u>
Total comprehensive loss attributable to: Shareholders of the parent company		<u>(10,455,869)</u>	<u>(8,125,089)</u>


TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED
(REGISTERED NUMBER: 10908456)

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CONSOLIDATED BALANCE SHEET
31 DECEMBER 2023

	Notes	£	2023 £	£	2022 £
FIXED ASSETS					
Intangible assets	12		54,403,148		56,535,813
Tangible assets	13		11,976,485		11,306,296
Investments	14		<u>450,000</u>		<u>14,829</u>
			66,829,633		67,856,938
CURRENT ASSETS					
Stocks	15	1,677,583		2,218,019	
Debtors	16	23,760,088		21,729,505	
Cash at bank		<u>1,810,412</u>		<u>3,094,103</u>	
		27,248,083		27,041,627	
CREDITORS					
Amounts falling due within one year	17	<u>(20,473,132)</u>		<u>(16,031,909)</u>	
NET CURRENT ASSETS			<u>6,774,951</u>		<u>11,009,718</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			73,604,584		78,866,656
CREDITORS					
Amounts falling due after more than one year	18		<u>(130,271,980)</u>		<u>(124,106,766)</u>
PROVISIONS FOR LIABILITIES	21		<u>(4,664,156)</u>		<u>(5,576,301)</u>
NET LIABILITIES			<u>(61,331,552)</u>		<u>(50,816,411)</u>
CAPITAL AND RESERVES					
Called up share capital	22		525,061		525,000
Profit and loss account			<u>(61,856,613)</u>		<u>(51,341,411)</u>
SHAREHOLDERS' DEFICIT			<u>(61,331,552)</u>		<u>(50,816,411)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 June 2024 and were signed on its behalf by:


.....
Kevin Franklin, Director

TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED
(REGISTERED NUMBER: 10908456)


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COMPANY BALANCE SHEET
31 DECEMBER 2023

	Notes	£	2023 £	£	2022 £
FIXED ASSETS					
Intangible assets	12		104,926		140,503
Tangible assets	13		110,855		13,163
Investments	14		<u>41,166,313</u>		<u>41,188,567</u>
			41,382,094		41,342,233
CURRENT ASSETS					
Debtors	16	7,312,691		11,687,285	
Cash at bank		<u>5,285</u>		<u>285,742</u>	
		7,317,976		11,973,027	
CREDITORS					
Amounts falling due within one year	17	<u>(24,424,476)</u>		<u>(21,574,923)</u>	
NET CURRENT LIABILITIES			<u>(17,106,499)</u>		<u>(9,601,896)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			24,275,594		31,740,337
CREDITORS					
Amounts falling due after more than one year	18		<u>(39,219,481)</u>		<u>(40,253,834)</u>
NET LIABILITIES			<u>(14,943,887)</u>		<u>(8,513,497)</u>
CAPITAL AND RESERVES					
Called up share capital	22		525,000		525,000
Profit and loss account			<u>(15,468,887)</u>		<u>(9,038,497)</u>
SHAREHOLDERS' DEFICIT			<u>(14,943,887)</u>		<u>(8,513,497)</u>
Company's loss for the financial year			<u>(6,430,390)</u>		<u>(4,642,733)</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £6,430,390 (Loss after tax for the year ended 31 December 2022: £4,642,733).

The financial statements were approved by the Board of Directors and authorised for issue on 27 June 2024 and were signed on its behalf by:


.....
Kevin Franklin, Director



TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2022	525,000	(43,053,454)	(42,528,454)
Changes in equity			
Foreign exchange on consolidation	-	(162,868)	(162,868)
Total comprehensive loss	-	<u>(8,125,089)</u>	<u>(8,125,089)</u>
Balance at 31 December 2022	<u>525,000</u>	<u>(51,341,411)</u>	<u>(50,816,411)</u>
Changes in equity			
Increase in share capital	-	(59,333)	(59,333)
Total comprehensive loss	-	<u>(10,455,869)</u>	<u>(10,455,869)</u>
Balance at 31 December 2023	<u>525,000</u>	<u>(61,856,613)</u>	<u>(61,331,613)</u>



TRANSFORMING TRAINING WITH TECHNOLOGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2022	525,000	(4,395,764)	(3,870,764)
Changes in equity			
Total comprehensive loss	<u>-</u>	<u>(4,642,733)</u>	<u>(4,642,733)</u>
Balance at 31 December 2022	<u>525,000</u>	<u>(9,038,497)</u>	<u>(8,513,497)</u>
Changes in equity			
Total comprehensive loss	<u>-</u>	<u>(6,430,390)</u>	<u>(6,430,390)</u>
Balance at 31 December 2023	<u>525,000</u>	<u>(15,468,887)</u>	<u>(14,943,887)</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	<u>11,185,348</u>	<u>6,147,820</u>
Net cash generated from operating activities		<u>11,185,348</u>	<u>6,147,820</u>
Cash flows from investing activities			
Interest received		54	4,025
Purchase of tangible fixed assets		(2,599,570)	(2,007,449)
Purchase of intangible fixed assets		(5,218,655)	(3,021,699)
Purchase of fixed asset investments		(1)	(1)
Proceeds from sale		-	995,000
Cash paid to acquire subsidiaries		-	(2,027,901)
Cash acquired with business operation		-	339,350
Cash payment in joint ventures		<u>(100,000)</u>	<u>(1,173,224)</u>
Net cash used in investing activities		<u>(7,918,172)</u>	<u>(6,891,899)</u>
Cash flows from financing activities			
Interest paid		(4,516,271)	(2,479,670)
Repayment of bank loan		(2,000,000)	-
Repayment of CBILS loan post-acquisition		-	(441,000)
Proceeds from bank loan		2,000,000	3,100,000
Debt issue costs		-	(61,718)
Receipt from parent undertakings		-	18,426
Repayment of finance lease liabilities		<u>(34,596)</u>	<u>-</u>
Net cash (used in)/generated from financing activities		<u>(4,550,867)</u>	<u>136,038</u>
Decrease in cash and cash equivalents			
		<u>(1,283,691)</u>	<u>(608,041)</u>
Cash and cash equivalents at beginning of year	2	<u>3,094,103</u>	<u>3,702,144</u>
Cash and cash equivalents at end of year	2	<u>1,810,412</u>	<u>3,094,103</u>

1. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
Loss for the financial year	(10,455,869)	(8,125,089)
Depreciation	1,906,667	1,663,436
Amortisation	7,351,320	6,695,492
Interest receivable an similar income	(54)	(4,025)
Interest payable and similar expenses	11,437,447	9,289,270
Other income in respect of R&D	(347,568)	-
Taxation	(1,026,217)	337,079
Share of profit of equity accounted investments	(450,000)	-
	<u>8,415,726</u>	<u>9,387,172</u>
Decrease/(increase) in stocks	54,355	(550,210)
Increase in trade and other debtors	(603,575)	(4,935,435)
Increase in trade and other creditors	3,544,772	2,246,293
Decrease in provisions	(257,807)	(508,991)
Loss on disposal of fixed assets	31,877	40,000
	<u>11,185,348</u>	<u>6,147,820</u>
Cash generated from operations	<u>11,185,348</u>	<u>6,147,820</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2023

	2023	2022
	£	£
Cash and cash equivalents	<u>1,810,412</u>	<u>3,094,103</u>

Year ended 31 December 2022

	2022	2021
	£	£
Cash and cash equivalents	<u>3,094,103</u>	<u>3,702,144</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/23	Cash flows	Other non-cash changes	At 31/12/23
	£	£	£	£
Net cash				
Cash at bank	3,094,103	(1,283,691)	-	1,810,412
Debt				
Hire purchases	(36,368)	34,596	-	(1,772)
Bank loans	(42,589,023)	-	(395,156)	(42,984,179)
Loan notes due to group undertakings	(78,315,903)	(2,100,000)	(6,747,008)	(87,162,911)
	<u>(120,941,294)</u>	<u>(2,065,404)</u>	<u>(7,142,164)</u>	<u>(130,148,862)</u>
	<u>(117,847,191)</u>	<u>(3,349,095)</u>	<u>(7,142,164)</u>	<u>(128,338,450)</u>

1. STATUTORY INFORMATION

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

The address of its registered office can be found on the information page and the nature of the company's operations and its principal activity are set out in the director's report.

2. ACCOUNTING POLICIES**Summary of significant accounting policies and key accounting estimates**

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The presentation currency of these financial statements is Sterling.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentational and functional currency of these financial statements is GBP. Values are rounded to nearest pound.

Financial Reporting Standard 102 - reduced disclosure exemptions

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to end of the year;
- cash Flow Statement and related notes; and
- key Management Personnel compensation.

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

- certain disclosures required by FRS 102.26 Share Based Payments; and
- certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Basis of consolidation

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

2. **ACCOUNTING POLICIES - continued**

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

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

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

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

Going Concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the financial statements which show that the group is able to meet all its liabilities as they fall due including a detailed going concern stress test for 3T Global Holdco Limited, by which Transforming Training with Technology Limited is wholly owned, for which further detail is given within note 2 to the financial statements.

In May 2024 the bank facilities that existed at 31 December 2023 were fully repaid, with a Nordic bond issued in May 2024 to the entities immediate parent, as detailed in the post balance sheet event note. In addition, in June 2024, the majority of the loan notes within 3T Global Subco Limited (a parent entity), that were due for repayment in October 2024 have been extended to be repaid in May 2028; and for those loan notes not extended the majority loan note holder has given support such that if those loan notes were called appropriate funding would be provided by that loan note holder.

The directors have produced a detailed going concern stress test for 3T Global Holdco Limited, of which Transforming Training with Technology Limited is a wholly owned subsidiary. The conclusion of our stress test for the Group is that the business could sustain the loss of more than 10% of forecast EBITDA from July 2024 over the course of the 12 months following the date of the financial statements, without breaching covenants related to the group's current banking facilities.

The Group, and the companies which are wholly owned, is expected to remain in a strong financial position during the forecast period from the date of signing the financial statements. The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

Revenue recognition

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

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

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

2. **ACCOUNTING POLICIES - continued**

For other goods sold, revenue is recognised when the goods are physically delivered to the customer.

For training services, revenue is recognised when the training course has been delivered to the customer.

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

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

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

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

Intangible assets

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

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

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

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

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

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

2. ACCOUNTING POLICIES - continued

Amortisation

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

Asset class	Amortisation method and rate
Goodwill	20 years straight line
Orderbook	1 year straight line
Customer relationships	5-10 years straight line
Technology	10 years straight line
Software	3 years straight line

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

Tangible assets

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

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

Depreciation

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

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

Investments in subsidiaries

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

Stocks

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

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

Tax

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

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

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

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

2. ACCOUNTING POLICIES - continued**Foreign currency transactions and balances**

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

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

Cash and cash equivalents

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

Trade debtors

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

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

Trade creditors

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

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

Provisions

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

Provisions (including onerous lease provisions) are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

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

Leases

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

2. **ACCOUNTING POLICIES - continued**

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

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

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

Share capital

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

Dividends

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

Defined contribution pension obligation

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

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

Derivative financial instruments

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

Research and Development

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

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

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

2. **ACCOUNTING POLICIES - continued**
Impairment

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

Borrowings

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

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

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

2. ACCOUNTING POLICIES - continued**Government grants**

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

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

Finance costs

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

Non-recurring items

Non-recurring items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence. Non-recurring items are disclosed within note 8.

Judgements in applying accounting policies and key sources of estimation

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES - continued

Impairment of group's tangible and intangible assets - determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Growth rates between 1.5% and 3% and discount rates between 15% to 16.5% have been applied in reviewing the fair value of such assets.

Provisions - provisions made require management's best estimate of the expenditure that will be incurred based on contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2023	2022
	£	£
Training and technology	53,757,591	42,290,784
Simulation solutions	<u>6,588,460</u>	<u>7,134,771</u>
	<u><u>60,346,051</u></u>	<u><u>49,425,555</u></u>

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	53,801,758	40,272,784
Rest of world	<u>6,544,293</u>	<u>9,152,771</u>
	<u><u>60,346,051</u></u>	<u><u>49,425,555</u></u>

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	19,635,519	15,415,634
Social security costs	1,825,628	1,352,692
Other pension costs	<u>658,493</u>	<u>476,646</u>
	<u><u>22,119,640</u></u>	<u><u>17,244,972</u></u>

The average number of employees during the year was as follows:

	2023	2022
Sales, production and software	106	78
Administration and support	63	65
Training	<u>300</u>	<u>248</u>
	<u><u>469</u></u>	<u><u>391</u></u>

4. **EMPLOYEES AND DIRECTORS - continued**

As at 31 December 2023, employee costs included in work in progress amounted to £92,612 (31 December 2022: £187,000).

Payroll costs of £3,059,777 (year ended 31 December 2022: £2,417,000) included in the above were capitalised during the year within Software in note 12.

There were 11 persons employed by the company (including directors) during the year (year ended 31 December 2022: 10).

5. **DIRECTORS' EMOLUMENTS**

	2023	2022
	£	£
Directors' remuneration	514,219	419,696
Directors' pension contributions to money purchase schemes	<u>27,737</u>	<u>5,400</u>

Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Remuneration	<u>249,723</u>	<u>243,573</u>

6. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Hire of plant and machinery	11,317	-
Depreciation of tangible fixed assets	1,906,667	1,663,436
Amortisation of intangible assets, including goodwill	7,351,320	6,695,492
Foreign exchange differences	562,616	(539,876)
R&D Tax credit	(311,846)	(368,000)
Operating lease expense - property	2,662,375	2,042,674
Defined contribution pension costs	<u>658,493</u>	<u>476,644</u>

Government grants received for R&D Tax credit income have been included within other operating income within the profit and loss account. Fees payable to Group auditors have been disclosed in note 7.

Company

The company had a loss of £6,430,390 for the year (Loss of £4,642,733 during the year ended 31 December 2022).

7. **AUDITORS' REMUNERATION**

	2023 £	2022 £
Audit of group financial statements	12,300	11,500
Audit of subsidiary financial statements	<u>104,700</u>	<u>95,400</u>
	<u>117,000</u>	<u>106,900</u>
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	61,260	48,000
Other tax advisory services	<u>29,500</u>	<u>79,875</u>
	<u>90,760</u>	<u>127,875</u>

8. **NON-RECURRING ITEMS**

	2023 £	2022 £
Non-recurring costs	<u>2,231,114</u>	<u>1,702,714</u>

Non-recurring costs predominantly relate to one off redundancy and recruitment costs, non-recurring legal and professional costs, loss on disposal of China subsidiary and one-off debtor related expenses.

Non-recurring items include a loss on disposal of £0.4m relating to the group's investment in 3T Energy Technology (Tianjin) Co., Ltd.

9. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2023 £	2022 £
Other interest receivable	<u>54</u>	<u>4,025</u>

10. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2023 £	2022 £
Bank interest payable	4,788,826	2,967,452
Foreign exchange on bank loans	-	35,212
Amortisation of debt issue costs	194,204	202,717
Finance lease interest payable	4,912	1,240
Loan notes owed to group undertakings interest payable	<u>6,449,506</u>	<u>6,082,649</u>
	<u>11,437,448</u>	<u>9,289,270</u>

11. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2023 £	2022 £
Current tax:		
UK corporation tax	-	619,120
Over/under provision in prior year	<u>(371,879)</u>	<u>216,476</u>
Total current tax	<u>(371,879)</u>	835,596
Deferred tax	<u>(654,338)</u>	<u>(498,517)</u>
Tax on loss	<u>(1,026,217)</u>	<u>337,079</u>

UK corporation tax has been charged at 23.5% (2022 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2023 £	2022 £
Loss before tax	<u>(11,482,086)</u>	<u>(7,788,009)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	(2,698,290)	(1,479,722)
Effects of:		
Expenses not deductible for tax purposes	775,236	261,888
Income not taxable for tax purposes	-	(5,123)
Adjustments to tax charge in respect of previous years	(371,879)	216,476
Effect of foreign tax rates	93,704	18,037
Adjustments in respect of prior years (deferred tax)	(536,863)	(273,756)
Remeasurement of deferred tax for changes in tax rates	-	113,989
Deferred tax not recognised	-	160,517
Deferred tax other	-	(83,135)
Fixed asset differences	97,291	2,161
Research & development credits	81,545	60,666
Capital Gains and other differences	17,770	191,517
Group relief	<u>1,515,269</u>	<u>1,153,564</u>
Total tax (credit)/charge	<u>(1,026,217)</u>	<u>337,079</u>

11. TAXATION - continued

Increases in the UK Corporation tax rate from 19% to 25% (19 & effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset at the balance sheet date has been calculated using the applicable rate when the asset is expected to be realised.

Deferred tax balances at 31 December 2023 have been re-measured to 25% (2022: 25%), being the rate substantively enacted at the balance sheet date.

12. INTANGIBLE FIXED ASSETS

Group	Goodwill	Orderbook	Customer relationships	Technology and software	Totals
	£	£	£	£	£
COST					
At 1 January 2023	59,815,589	1,056,000	4,540,000	20,321,656	85,733,245
Additions	-	-	-	5,218,655	5,218,655
At 31 December 2023	<u>59,815,589</u>	<u>1,056,000</u>	<u>4,540,000</u>	<u>25,540,311</u>	<u>90,951,900</u>
AMORTISATION					
At 1 January 2023	14,374,369	1,056,000	2,249,641	11,517,422	29,197,432
Amortisation for year	<u>3,133,396</u>	<u>-</u>	<u>454,000</u>	<u>3,763,924</u>	<u>7,351,320</u>
At 31 December 2023	<u>17,507,765</u>	<u>1,056,000</u>	<u>2,703,641</u>	<u>14,881,346</u>	<u>36,548,752</u>
NET BOOK VALUE					
At 31 December 2023	<u>42,307,824</u>	<u>-</u>	<u>1,836,359</u>	<u>10,658,965</u>	<u>54,403,148</u>
At 31 December 2022	<u>45,441,220</u>	<u>-</u>	<u>2,290,359</u>	<u>8,804,234</u>	<u>56,535,813</u>

The development costs relate to various projects that have been undertaken over a number of years, the directors consider that it is probable that these projects will generate future economic benefit going forward.

The development costs relate to various projects that have been undertaken over a number of years, the directors consider that it is probable that these projects will generate future economic benefit going forward.

Amortisation and impairment charge

The whole amortisation charge above totalling £7,351,320 (Year ended 31 December 2022: £6,695,492) has been recognised in administrative expenses in the profit and loss account.

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

<u>Intangible asset</u>	<u>Remaining useful life</u>
Customer relationships	3.25 years
Technology	3.25 years

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

12. INTANGIBLE FIXED ASSETS - continued

**Group
Impairment review**

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

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

The directors have determined whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Growth rates between 1.5% and 3% and discount rates between 15.3% to 16.5% have been applied in reviewing the fair value of such assets.

Company

	Technology and software £
COST	
At 1 January 2023	199,309
Additions	<u>10,830</u>
At 31 December 2023	<u>210,139</u>
AMORTISATION	
At 1 January 2023	58,806
Amortisation for year	<u>46,407</u>
At 31 December 2023	<u>105,213</u>
NET BOOK VALUE	
At 31 December 2023	<u>104,926</u>
At 31 December 2022	<u>140,503</u>

13. TANGIBLE FIXED ASSETS

Group	Leasehold Improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2023	9,921,818	5,400,577	1,406,925	259,664	16,988,984
Additions	396,387	2,100,767	102,416	-	2,599,570
Disposals	-	(508,545)	-	-	(508,545)
At 31 December 2023	<u>10,318,205</u>	<u>6,992,799</u>	<u>1,509,341</u>	<u>259,664</u>	<u>19,080,009</u>
DEPRECIATION					
At 1 January 2023	2,155,097	2,774,943	713,683	38,965	5,682,688
Charge for year	410,126	1,284,100	208,510	3,931	1,906,667
Disposals	-	(485,831)	-	-	(485,831)
At 31 December 2023	<u>2,565,223</u>	<u>3,573,212</u>	<u>922,193</u>	<u>42,896</u>	<u>7,103,524</u>
NET BOOK VALUE					
At 31 December 2023	<u>7,752,982</u>	<u>3,419,587</u>	<u>587,148</u>	<u>216,768</u>	<u>11,976,485</u>
At 31 December 2022	<u>7,766,721</u>	<u>2,625,634</u>	<u>693,242</u>	<u>220,699</u>	<u>11,306,296</u>
Company					
				Fixtures and fittings £	
COST					
At 1 January 2023					21,743
Additions					<u>105,622</u>
At 31 December 2023					<u>127,365</u>
DEPRECIATION					
At 1 January 2023					8,580
Charge for year					<u>7,930</u>
At 31 December 2023					<u>16,510</u>
NET BOOK VALUE					
At 31 December 2023					<u>110,855</u>
At 31 December 2022					<u>13,163</u>

14. **FIXED ASSET INVESTMENTS**

Group

	£
COST	
At 1 January 2023	14,829
Share of profit in joint venture	450,000
Disposals	<u>(14,829)</u>
At 31 December 2023	<u>450,000</u>
CARRYING AMOUNT	
At 31 December 2023	<u>450,000</u>
At 31 December 2022	<u>14,829</u>

	2023 £	2022 £
Investment in associates	-	14,828
Investments in joint ventures	<u>450,000</u>	<u>1</u>

Company

	£
COST	
At 1 January 2023	41,188,567
Disposals	<u>(22,254)</u>
At 31 December 2023	<u>41,166,313</u>
CARRYING AMOUNT	
At 31 December 2023	<u>41,166,313</u>
At 31 December 2022	<u>41,188,567</u>

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

14. **FIXED ASSET INVESTMENTS - continued**

Details of undertakings

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

Undertaking	UK Company Number	Registered office (see below)	Holding	Proportion of voting rights and shares held	
				2023	2022
Subsidiary undertakings					
Survivex Group Limited	SC467255	UK (5)	Ordinary	100%	100%
Survivex Limited	SC357717	UK (5)	Ordinary	100%	100%
TMS Oldco Limited (Formerly Survivex TMS Limited)	SC467482	UK (5)	Ordinary	100%	100%
Survivex TMS Limited (Formerly Petrofac Training Holdings Limited)	SC242176	UK (5)	Ordinary	100%	100%
Rigex Limited	SC466107	UK (5)	Ordinary	100%	100%
3T Transform Limited	09314258	UK (7)	Ordinary	100%	100%
Advanced Industrial Solutions Limited	05982756	UK (1)	Ordinary	100%	100%
DS UK Topco Limited	09505117	UK (1)	Ordinary	100%	100%
DS UK Midco 1 Limited	09505116	UK (1)	Ordinary	100%	100%
DS UK Midco 2 Limited	09506608	UK (1)	Ordinary	100%	100%
Drilling Systems Group Limited	09503545	UK (1)	Ordinary	100%	100%
Drilling Systems Limited	02295138	UK (1)	Ordinary	100%	100%
Drilling Systems (USA) Inc		USA (3)	Ordinary	100%	100%
Drilling Systems (UK) Limited	02509111	UK (1)	Ordinary	100%	100%
DS Sheet Metal Limited	05162610	UK (2)	Ordinary	100%	100%
D.S. 2000 Limited	03838137	UK (1)	Ordinary	100%	100%
Utility & Construction Training Limited	06429564	UK (1)	Ordinary	100%	100%
DSG International DMCC		UAE (4)	Ordinary	100%	100%
3T Energy Technology (Tianjin) Co., Ltd		China (6)	Ordinary	0%	66%

The registered addresses for the subsidiary undertakings are as follows:

1. Hurn View House, 5 Aviation Park West, Bournemouth International Airport, Christchurch, Dorset, BH23 6EW
2. c/o Drilling Systems, 5 Aviation Park West, Bournemouth International Airport, Christchurch, Dorset, BH23 6EW
3. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
4. Unit 3401-D, Gold Tower (AU), Plot Number JLT-PH1-I3A, Jumeirah Lakes Towers, Dubai, UAE
5. Kirkhill Commercial Park Dyce Avenue, Dyce, Aberdeen, AB21 0LQ
6. Room 1402, Shuang Chuang Building, Yu Jia Pu, TEDA, 300457, Tianjin
7. Cobalt 13a, 9 Silver Fox Way, Cobalt Business Park, Newcastle upon Tyne, NE27 0Q

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

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

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

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

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

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

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

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

14. **FIXED ASSET INVESTMENTS - continued**

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

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

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

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

The principal activity of DS Sheet Metal Limited is sheet metal fabrication. This company ceased trading 30 June 2021.

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

The principal activity of D.S. 2000 Limited is a service company. The company ceased trading during the year ended 30 September 2021.

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

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

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

15. **STOCKS**

	Group	
	2023	2022
	£	£
Raw materials	449,314	644,107
Work-in-progress	984,489	1,232,611
Finished goods	<u>243,780</u>	<u>341,301</u>
	<u><u>1,677,583</u></u>	<u><u>2,218,019</u></u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

16. **DEBTORS**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	13,045,995	11,340,645	-	-
Amounts owed by group undertakings	1,077,365	278,193	5,336,508	9,391,949
Other debtors	2,620,996	3,011,429	1,279,279	2,046,150
Corporation tax	627,836	-	-	-
Prepayments	2,524,878	2,293,886	696,904	249,186
Accrued income	<u>3,863,018</u>	<u>4,805,352</u>	-	-
	<u><u>23,760,088</u></u>	<u><u>21,729,505</u></u>	<u><u>7,312,691</u></u>	<u><u>11,687,285</u></u>

16. **DEBTORS - continued**

Details of non-current trade and other debtors

Included within other debtors is an amount due from joint ventures of £882,315 (2022: £1,173,223).

Group

£Nil (31 December 2022: £Nil) of accrued income and £Nil (31 December 2022: £Nil) of finance lease debtors are classified as non-current.

Company

Other debtors includes a deferred tax asset of £26,231 (2022: £298,192).

17. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts (see note 19)	4,500,000	3,100,000	4,500,000	3,100,000
Trade creditors	8,150,695	4,847,553	774,189	264,848
Hire purchase creditor (see note 20)	1,772	36,368	-	-
Payments on account	201,800	-	-	-
Amounts owed to group undertakings	-	-	18,423,084	17,395,502
Corporation tax	13,845	197,566	-	-
Social security and other taxes	1,639,015	2,047,445	492,068	44,174
Other creditors	1,170,698	663,042	6,421	17,217
Accruals and deferred income	4,795,307	5,139,937	228,714	753,182
	<u>20,473,132</u>	<u>16,031,909</u>	<u>24,424,476</u>	<u>21,574,923</u>

Accruals include £5.5m interest accrued on loan notes. Details of the loan notes and accrued interest are provided in the loans and borrowings note.

18. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Loans and borrowings (see note 19)	38,484,179	39,489,023	38,484,179	39,489,023
Debt issue costs	(843,225)	(1,016,624)	(843,225)	(1,016,624)
Loans owed to group undertakings	1,578,527	1,781,435	-	-
Loan notes due to group undertakings	85,584,384	78,315,903	1,578,527	1,578,527
Accruals and deferred income	5,468,115	5,537,029	-	202,908
	<u>130,271,980</u>	<u>124,106,766</u>	<u>40,719,481</u>	<u>40,253,834</u>

In the current year, the R&D credit receivable has been offset against the corporation tax liability, this is on the basis that these will be settled net in the current year.

19. LOANS AND BORROWINGS

An analysis of the maturity of loans is given below:

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Amounts falling due within one year:				
Bank loans	<u>4,500,000</u>	<u>3,100,000</u>	<u>4,500,000</u>	<u>3,100,000</u>
	<u>4,500,000</u>	<u>3,100,000</u>	<u>3,000,000</u>	<u>3,100,000</u>

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Non-current loans and borrowings				
Long term bank loans	38,484,179	39,489,023	38,484,179	39,489,023
Loans owed to group undertakings	1,578,527	1,781,435	1,578,527	1,781,435
Loan notes owed to group undertakings	<u>91,052,499</u>	<u>83,599,197</u>	<u>-</u>	<u>-</u>

The intercompany loan notes held as at 31 December 2023 are due for repayment in more than one year. Accrued interest is included within the £91.1m.

The bank loans include a bank loan of £39,000,000 that was repaid on 22 May 2024. The bank loan was originally repayable in quarterly instalments commencing 15 December 2024, with the December 2024 payment being £1.5m shown as less than one year. For the year interest is charged at 1.25% per annum and is payable in 6 monthly instalments by way of payment in kind notes. Interest accrued as payment in kind notes as at 31 December 2023 was £685,225 (31 December 2022: £514,560). Interest is charged at 5% above base rate (LIBOR) per annum on the principal amount plus any payment in kind notes and is payable at 6 monthly instalments from 15 June 2022. Interest accrued as at 31 December 2023 was £Nil (31 December 2022: £41,448).

A loan of £2,100,000 was drawn down in December 2022 and was used to fund a property purchase with a view to subsequently selling and leasing back from a third party. This was repaid in July 2023.

The Group has a revolving credit facility of £3,000,000. Interest is charged at 4.25% above base rate (LIBOR) based upon drawn down amounts. £3,000,000 was drawn down in 2023 (31 December 2022: £1,000,000). This facility was repaid on 22 May 2024.

This revolving credit facility was secured against assets of the companies listed in note 24.

20. OBLIGATIONS UNDER LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	2023	2022
	£	£
Net obligations repayable:		
Within one year	<u>1,772</u>	<u>36,368</u>
Group	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	2,475,114	1,822,978
Between one and five years	9,201,406	6,423,341
In more than five years	<u>26,459,616</u>	<u>19,106,536</u>
	<u>38,136,136</u>	<u>27,352,855</u>

The lease commitments have increased in the year due to a lease extension commitment.

21. PROVISIONS FOR LIABILITIES

	Deferred tax	Warranties and other provisions	Dilapidations	Onerous lease provision	Total
	£	£	£	£	£
At 1 January 2023	3,036,674	96,000	521,358	1,922,269	5,576,301
Recognised in the profit and loss account	<u>(654,338)</u>	<u>(45,000)</u>	<u>(15,974)</u>	<u>(196,833)</u>	<u>(187,215)</u>
At 31 December 2023	<u>2,382,336</u>	<u>51,000</u>	<u>505,384</u>	<u>1,725,436</u>	<u>4,664,156</u>

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

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

The onerous lease provision relates to rental and rates costs for two separate leased properties within the group.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities/(Assets)	Liabilities/(Assets)
	2023	2022
	£	£
Accelerated capital allowances	1,860,939	1,772,981
Tax losses carried forward	(823,338)	(427,439)
Arising on business combinations	<u>1,344,735</u>	<u>1,691,132</u>
	<u>2,382,336</u>	<u>3,036,674</u>

22. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2023	2022
Number:	Class:		£	£
525,000	Ordinary	1	<u>525,061</u>	<u>525,000</u>

23. **PARENT AND ULTIMATE PARENT UNDERTAKING**

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

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

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

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

24. **CONTINGENT LIABILITIES**

The following companies were guarantors in relation to the revolving credit facility of £3,000,000 (this was repaid in May 2024) where the original borrower is Transforming Training With Technology Limited:

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

25. RELATED PARTY TRANSACTIONS**Group****Summary of transactions with group**

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

Key management personnel

Key management personnel include all directors of the group, who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £895,400 (31 December 2022: £917,348). There were £Nil amounts outstanding as at the year end (31 December 2022: £Nil).

26. SUBSEQUENT EVENTS

In May 2024, 3T Global Bidco plc issued a \$100m Nordic bond, for which \$30m remains undrawn and is in Escrow for a potential acquisition. In May 2024, the group drew down \$70m for which an element remained within the business and the bank loans as at 31 December 2023 (which totalled £45m) were fully repaid. The remainder of the facility will be utilised to fund the group's operations and future acquisitions.

As at the approval date of the financial statements the Nordic bond is not listed, and was not listed prior to this date. The Norwegian Bond is repayable on 22 May 2028 and the repayment date on the loan notes issued by 3T Global Subco Limited has subsequently been extended from 31 October 2024 to 31 May 2028; and for those loan notes not extended the majority loan note holder has given support such that if those loan notes were called appropriate funding would be provided by that loan note holder.

During the year ended 31 December 2023, the immediate parent company was 3T Global Holdco Limited incorporated in England and Wales. Post year-end, the company's immediate parent undertaking became 3T Global Bidco plc (formerly 3T Global Bidco Limited), a company incorporated in England and Wales.

On 7 June 2024, the group acquired 100% of the share capital of ALL STOP! Inc. a leading provider of training based in Houston, Texas. The group has also signed a sale and purchase agreement to acquire a training business in the Middle East and we are now awaiting regulatory approval to complete the acquisition.

27. DEFINED CONTRIBUTION PENSION SCHEME

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £630,756 (year ended 31 December 2022: £476,644).

Contributions totalling £85,951 (31 December 2022: £98,573) were payable to the scheme at the end of the year and are included in creditors.