

CORNDEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



CORNDEL LIMITED

COMPANY INFORMATION

Directors	S M Brandman J N Kelly S T Williams
Registered number	10369857
Registered office	315 Highgate Studios 53-79 Highgate Road Kentish Town London NW5 1TL
Independent auditor	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY

CORNDEL LIMITED

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CORNDEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction and principal activity

Corndel is a unique, multi-award-winning UK management and technology training provider. At our heart, Corndel exists to provide brilliant, people-based training. This disruptive focus on training brilliance, with one-to-one coaching from commercial experts at its heart, has made us the go-to provider for large multinational clients focused on quality. Corndel is one of the UK's largest providers of data analytics and management apprenticeship programmes. We use the Apprenticeship Levy to deliver this high-quality training with no further cost to customers.

Business review

The business has continued to grow rapidly with Revenue up 58% on the previous 12 months at £20.9m. This has been achieved by establishing strong relationships with large corporates and providing tailored programmes to meet their digital and management training needs. We have won several awards for our training provision and growth.

During the year, a majority stake in the business was acquired by THI Investments. This resulted in acquisition costs relating to the transaction of £2.6m. Profit before tax excluding these costs was up £4.2m, reflecting our strong underlying growth. This was ahead of management plans for the year.

	2020	2019	Change
Revenue	£20.9m	£13.2m	58%
Net profit prior to acquisition costs	£4.1m	£0.5m	720%
Net profit	£1.5m	£0.5m	200%
Learner numbers (000s)	3.1	2.8	11%

Principal risks and uncertainties

Corndel's approach to risk management involves regularly identifying and reviewing material risks within our Senior Leadership Team. These are presented for consideration and approval at board level. This section highlights some of the key risks and uncertainties which affect Corndel and how they are mitigated.

Strategic & Economic Risks

Covid-19 is our key strategic and economic risk. Furlough of L&D employees may delay starts; more generally client staff restructures (or failure) may reduce learners able to go on programme. We are strategically diversified among large clients making us less susceptible to shocks, and have training programmes to help clients with Furloughed staff. We have shown resilience over the past 12 months through considerable growth in profitability despite Covid.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial Risks

The Company's financial instruments comprise of cash and cash equivalents and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

The Company's operations expose it to a variety of financial risks including credit risk, liquidity risk, and foreign currency exchange rate risk. The policies set by the board of directors are implemented by the Company's finance department.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. The vast majority of this relates to UK government backed debtors. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Company has no external debt. It monitors its levels of working capital to ensure that it can meet operational obligations as they fall due. The Company's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors. The trade creditors are all payable within twelve months.

Foreign currency exchange rate risk

The Company is exposed to an immaterial foreign currency exchange rate risk as a result of trade creditors which will be settled in dollars. Accordingly, it does not hedge any of its trading activities.

Operational Risks

Significant cyber security breach or outage

Cornel has invested in secure IT platforms and achieved IT security accreditation with major investment banks as a pre-condition of delivering training to them.

Recruitment and retention of key employees

Cornel attracts and retains staff through a positive, hyperflexible, people led working environment; the majority of our staff are home-based, with a large portion working part-time to facilitate other life commitments. Remuneration packages include longer term incentives aligning personal success to that of the business.

Regulatory risks

Internal processes and policies are designed to meet regulatory requirements, including a dedicated team focused on ESFA and Ofsted best practice, data protection, whistleblowing, safeguarding and other policies.

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


Sean Williams (Mar 31, 2021 17:48 GMT+1)

S T Williams
Director

Date: 31/03/2021

CORNDEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Results and dividends

The profit for the year, after taxation, amounted to £1,480,091 (*6-month period ended 31 December 2019: £163,268*).

No dividends have been paid or proposed in the year (*6-month period ended 31 December 2019: £Nil*).

Directors

The directors who served during the year were:

S M Brandman
J N Kelly
S T Williams
R D Alberg (resigned 27 November 2020)
G Browning (resigned 27 October 2020)
C Elliott (resigned 27 November 2020)
M Khan (resigned 27 November 2020)
J A Norton (resigned 27 November 2020)
D M Shavick (resigned 27 November 2020)

Future developments

Corndel intends to continue to grow its highly successful apprenticeship provision. It intends to also expand its commercial training offer and wider education provision.

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


Sean Williams (Mar 31, 2021 17:48 GMT+1)

S T Williams
Director

Date: 31/03/2021

CORNDEL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNDEL LIMITED

Opinion

We have audited the financial statements of Corndel Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, the Analysis of Net Debt and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNDEL LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNDEL LIMITED (CONTINUED)

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.

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:

We obtained an understanding of the Company's legal and regulatory framework through enquiry of management of their understanding of the relevant laws and regulations, the company's policies and procedures regarding compliance and how they identify, evaluate and rectify any instances of non-compliance. We also drew on our existing understanding of the Company's industry and regulation. We understand that the Company complies with the framework through:

- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly;
- Having dedicated teams responsible for monitoring any developments; and
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- Ofsted, and results of inspections, in respect of delivering high quality teaching and courses which is fundamental in the entity's ability to continue as a going concern.
- Compliance with the Education & Skills Funding Agency (ESFA) rules and requirements in respect of the funding that is received.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and incorrect recognition of revenue. This was communicated to the other members of the engagement team who were not present at the discussion.

The areas identified in this discussion were:

- Manipulation of the financial statements, especially revenue, via fraudulent journal entries.

The procedures carried out to gain evidence in the above areas included:

- Testing of revenue transactions to underlying documentation;
- Testing of manual journals entries, selected based on specific risk assessments applied based on the client processes and controls surrounding manual journals; and
- Reviewing and challenging estimates made by management.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNDEL LIMITED (CONTINUED)

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

Use of our report

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

Nexia Smith & Williamson

Timothy Adams (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

25 Moorgate

London

EC2R 6AY

Date: 31/03/2021

CORNDEL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		31 December 2020 £	6-month period ended 31 December 2019 £
	Note		
Turnover	4	20,881,073	7,532,339
Cost of sales		(12,558,183)	(5,377,878)
Gross profit		8,322,890	2,154,461
Administrative expenses		(4,210,351)	(1,991,254)
Other operating income	5	51,871	-
Acquisition transaction costs	6	(2,557,399)	-
Operating profit		1,607,011	163,207
Interest receivable and similar income		42	61
Profit before tax		1,607,053	163,268
Tax on profit	11	(126,962)	-
Profit for the financial year/period		1,480,091	163,268

There was no other comprehensive income for 2020 (6-month period ended 31 December 2019: £Nil).

The notes on pages 14 to 29 form part of these financial statements.

CORNDEL LIMITED
REGISTERED NUMBER:10369857

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	635,151	371,803
Tangible assets	13	212,118	112,765
		<u>847,269</u>	<u>484,568</u>
Current assets			
Debtors: amounts falling due within one year	14	2,199,538	1,445,712
Cash at bank and in hand		4,002,814	721,662
		<u>6,202,352</u>	<u>2,167,374</u>
Creditors: amounts falling due within one year	15	(5,407,003)	(1,871,157)
Other provisions	17	-	(20,460)
		<u>795,349</u>	<u>275,757</u>
Net current assets			
Provisions for liabilities			
Deferred tax	16	(14,253)	-
		<u>(14,253)</u>	<u>-</u>
Net assets		<u><u>1,628,365</u></u>	<u><u>760,325</u></u>
Capital and reserves			
Called up share capital	18	100	114
Share premium account	19	1,913,055	1,897,973
Capital redemption reserve	19	15	-
Share-based payments reserve	19	17,707	17,707
Profit and loss account	19	(302,512)	(1,155,469)
Shareholders' funds		<u><u>1,628,365</u></u>	<u><u>760,325</u></u>

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

Sean Williams
 Sean Williams (Mar 31, 2021 17:48 GMT+1)

S T Williams
 Director

Date: 31/03/2021

The notes on pages 14 to 29 form part of these financial statements.

CORNDEL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Share-based payments reserve £	Profit and loss account £	Total equity £
At 1 July 2019	114	1,897,973	-	-	(1,318,737)	579,350
Comprehensive income for the period						
Profit for the period	-	-	-	-	163,268	163,268
Contributions by and distributions to owners						
Share-based payments charge	-	-	-	17,707	-	17,707
At 1 January 2020	114	1,897,973	-	17,707	(1,155,469)	760,325
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,480,091	1,480,091
Contributions by and distributions to owners						
Shares issued during the year	1	15,082	-	-	-	15,083
Shares repurchased during the year	(15)	-	15	-	(627,134)	(627,134)
At 31 December 2020	100	1,913,055	15	17,707	(302,512)	1,628,365

CORNDEL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,480,091	163,268
Adjustments for:		
Amortisation of intangible assets	153,348	45,335
Depreciation of tangible assets	136,380	39,280
Loss on disposal of tangible assets	2,890	-
Interest received	(42)	(61)
Taxation charge	126,962	-
Increase in debtors	(753,826)	(362,769)
Increase in creditors	3,423,137	715,954
(Decrease)/increase in provisions	(20,460)	20,460
Share options issued	-	17,707
Net cash generated from operating activities	4,548,480	639,174
Cash flows from investing activities		
Purchase of intangible fixed assets	(416,696)	(194,998)
Purchase of tangible fixed assets	(238,623)	(81,620)
Interest received	42	61
Net cash used in investing activities	(655,277)	(276,557)
Cash flows from financing activities		
Issue of ordinary shares	15,083	-
Shares repurchased	(627,134)	-
Net cash used in financing activities	(612,051)	-
Net increase in cash and cash equivalents	3,281,152	362,617
Cash and cash equivalents at the beginning of the year	721,662	359,045
Cash and cash equivalents at the end of the year	4,002,814	721,662
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	4,002,814	721,662

CORNDEL LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	<u>721,662</u>	<u>3,281,152</u>	<u>4,002,814</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Corndel Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 10369857). The registered office address is 315 Highgate Studios, 53-79 Highgate Road, Kentish Town, London, NW5 1TL.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Going concern

As at 31 December 2020, the Company had net current assets of £795,349 and generated EBITDA in the 12 months to 31 December 2020 of £1,896,739. As at 31 December 2020 and at the signing of these financial statements, the Company has no external debt, it had a cash balance of £4,002,814 as at 31 December 2020 and is not reliant upon the financial support of third parties. Forecasts prepared by management show the Company is expected to remain cash generative and to generate positive EBITDA for the foreseeable future being a period of at least 12 months from the signing of these financial statements. The Company has demonstrated its resilience through Covid, increasing profits, and has the ability to modify its cost base if required. For this reason, the directors have prepared the financial statements on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

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

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

2.6 Government grants

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in 'other operating income' over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in 'other operating income' in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.8 Intangible assets

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

Internally and externally generated content is capitalised as intangible fixed assets as it is an identifiable non-monetary asset without physical substance whose costs can be reliably estimated, and it is probable that future economic benefits that are attributable to the asset will flow to the Company.

Internally and externally generated content is amortised over five years using the straight-line basis. The directors have estimated the five year useful life of the intangible assets, being educational content.

2.9 Impairment of intangible assets

Intangible assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

2.10 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Motor vehicles	- 33% reducing balance
Computer equipment	- straight-line over 2 years

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Employment benefits

Short-term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Balance Sheet.

2.13 Provisions for liabilities

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.15 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.16 Current and deferred taxation

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

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

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

The directors consider that the following judgements have had the most significant effect on amounts recognised in the financial statements:

Financial instrument classification:

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

The directors consider that the key sources of estimation uncertainty in preparing the financial statements are:

Recoverability of debtors and sales provisions:

The trade debtors balance of £1,969,282 (2019: £1,362,822) recorded in the Company's Balance Sheet comprises one large and a number of smaller balances. A full line by line review of trade debtors is carried out at the end of each month. A sales provision of £294,705 (2019: £182,987) has been set off against trade debtors to reflect the estimated number of subsequent credits, these being represented by the Company's learners dropping out of courses prior to the year end. The total provision is based on actual data received regarding drop outs together with an estimate on past experience of learner drop out figures.

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

The whole of the turnover is attributable to the provision of digital and management learning courses.

All turnover arose within the United Kingdom.

5. Other operating income

	31 December 2020 £	6-month period ended 31 December 2019 £
Furlough grants	51,871	-

In 2020, government grants of £51,871 (2019: £Nil) were received under the Coronavirus Job Retention Scheme as part of a government initiative to provide immediate financial support as a result of the Covid-19 pandemic to reimburse the Company for 80% of the wages of certain employees who were placed on a temporary period of absence but were kept on the payroll. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

The Company has not directly benefited from any other forms of government assistance (2019: None).

6. Acquisition transaction costs

	2020 £	2019 £
Acquisition transaction costs	2,557,399	-

In 2020, costs of £2,557,399 (2019: £Nil) relating to acquisition of the Company by THI Holdings GmbH were incurred. These costs relate to the vendor due diligence, professional fees and staff & directors' bonuses associated with the transaction.

CORNDEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Operating profit

The operating profit is stated after charging:

	31 December 2020 £	6-month period ended 31 December 2019 £
Amortisation of intangible assets	153,348	45,335
Depreciation of tangible fixed assets	136,380	39,280
Exchange differences	3,945	2,006
Operating lease rentals	75,138	47,880
Bad debts	10,635	-
	<u>10,635</u>	<u>-</u>

8. Auditor's remuneration

	31 December 2020 £	6-month period ended 31 December 2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	33,000	15,500
	<u>33,000</u>	<u>15,500</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	2,875	2,800
	<u>2,875</u>	<u>2,800</u>

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Employees

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

	31 December 2020 £	6-month period ended 31 December 2019 £
Wages and salaries	11,325,256	3,503,059
Social security costs	1,317,089	381,010
Cost of defined contribution scheme	431,068	134,401
	<u>13,073,413</u>	<u>4,018,470</u>

The average monthly number of employees, including directors, during the year was 199 (6-month period ended 31 December 2019: 132).

10. Directors' remuneration

	31 December 2020 £	6-month period ended 31 December 2019 £
Directors' emoluments	1,346,487	306,881
Company contributions to defined contribution pension schemes	21,681	14,038
	<u>1,368,168</u>	<u>320,919</u>

During the year retirement benefits were accruing to 3 directors (6-month period ended 31 December 2019: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £527,267 (6-month period ended 31 December 2019: £80,090).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,004 (6-month period ended 31 December 2019: £3,500).

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation

	31 December 2020 £	6-month period ended 31 December 2019 £
Corporation tax		
Current tax on profits for the year/period	112,709	-
Deferred tax		
Origination and reversal of timing differences	14,253	-
Taxation on profit on ordinary activities	126,962	-

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	31 December 2020 £	6-month period ended 31 December 2019 £
Profit on ordinary activities before tax	1,607,053	163,268
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	305,340	31,021
Effects of:		
Expenses not allowable for taxation	91,909	10,795
Capital allowances	(43,219)	(15,758)
Utilised tax losses	(241,235)	(26,058)
Other timing differences leading to an increase in taxation	14,167	-
Total tax charge for the year/period	126,962	-

CORNDEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

Factors that may affect future tax charges

The Company has unrelieved tax losses of £Nil as at 31 December 2020 (*31 December 2019: £1,269,658*) for which no deferred tax asset has been recognised.

During the Budget 2021, the UK government announced an increase to the main corporation tax rate to 25% effective from 1 April 2023. Companies with profits of £50,000 or less will continue to pay at the 19% rate.

12. Intangible assets

	Content £
Cost	
At 1 January 2020	546,101
Additions	416,696
At 31 December 2020	962,797
Amortisation	
At 1 January 2020	174,298
Charge for the year	153,348
At 31 December 2020	327,646
Net book value	
At 31 December 2020	635,151
<i>At 31 December 2019</i>	371,803

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

	Motor vehicles £	Computer equipment £	Total £
Cost			
At 1 January 2020	28,140	206,591	234,731
Additions	58,790	179,833	238,623
Disposals	-	(12,396)	(12,396)
At 31 December 2020	<u>86,930</u>	<u>374,028</u>	<u>460,958</u>
Depreciation			
At 1 January 2020	18,875	103,091	121,966
Charge for the year	19,255	117,125	136,380
Disposals	-	(9,506)	(9,506)
At 31 December 2020	<u>38,130</u>	<u>210,710</u>	<u>248,840</u>
Net book value			
At 31 December 2020	<u>48,800</u>	<u>163,318</u>	<u>212,118</u>
At 31 December 2019	<u>9,265</u>	<u>103,500</u>	<u>112,765</u>

14. Debtors

	2020 £	2019 £
Trade debtors	1,969,282	1,362,822
Other debtors	24,709	32,355
Prepayments and accrued income	205,547	50,535
	<u>2,199,538</u>	<u>1,445,712</u>

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	659,387	687,479
Amounts owed to group undertakings	1,882,358	-
Corporation tax	112,709	-
Other taxation and social security	1,136,840	235,790
Other creditors	83,267	61,233
Accruals and deferred income	1,532,442	886,655
	<u>5,407,003</u>	<u>1,871,157</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16. Deferred taxation

	2020 £
Utilised in year	14,253
At end of year	<u>14,253</u>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	14,253	-
	<u>14,253</u>	<u>-</u>

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Provisions

	Other provisions £
At 1 January 2020	20,460
Utilised in year	(20,460)
At 31 December 2020	-

The provision utilised relates to a staff settlement agreement which was fully paid in the year.

18. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2,000,654 (2019: 2,286,620) Ordinary shares of £0.00005 each	100	114

On 15 September 2020, the Company repurchased 304,360 Ordinary shares with a nominal value of £0.00005 each for consideration of £627,134 at £2.06 per share.

On 27 November 2020, the Company issued 18,394 Ordinary shares with a nominal value of £0.00005 each for consideration of £0.82 per share.

19. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Capital redemption reserve

This reserve relates to the nominal value of shares that the Company has bought back.

Share-based payments reserve

This reserve relates to the fair value of options granted which has been charged to the profit and loss account.

Profit and loss account

This reserve relates to cumulative retained earnings less amounts distributed to shareholders or used to fund repurchase of shares.

CORNDEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Share-based payments

On 25 February 2021, the Company issued 21,594 options over 21,594 Ordinary shares of £0.0005 each at an exercise price of £0.82. A share option charge of £17,707 had been recognised in 2019 as there was a shared understanding entered into with employees with regard to the issue, on 1 October 2019.

As part of the transaction with THI Holdings GmbH, 18,394 of the Company's EMI option shares were exercised. The shares were issued at the HMRC agreed exercise price of £0.82, resulting in an ordinary share issue of £15,083.

The remaining 3,200 options were cancelled in the period as a result of employees leaving, and therefore were no longer eligible for the scheme.

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £429,265 (*6-month period ended 31 December 2019: £134,401*). Contributions totalling £73,592 (*2019: £47,968*) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	<u>10,000</u>	<u>12,340</u>

CORNDEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Related party transactions

The Company has taken advantage of the exemptions available under FRS 102 section 33.1A to not disclose transactions between wholly owned group entities.

During the year, turnover of £178,428 (6-month period ended 31 December 2019: £87,845) was recognised for services provided to two related companies that are related due to their shareholding and common directorship. At the year end, £Nil (2019: £12,570) was outstanding to be paid by the related parties.

During the year, expenditure of £711,226 (6-month period ended 31 December 2019: £305,997) was incurred with two related companies for services received. The companies are related due to common directorship. At the year end, £Nil (2019: £75,628) was outstanding to be paid to the related parties.

During the year, close family members of directors provided services to the Company totalling £11,298 (6-month period ended 31 December 2019: £9,873). At the year end, £Nil (2019: £6,390) was outstanding to be paid to the related parties.

Key management are those persons having authority and responsibility for planning, controlling and directing activities of the Company. In the opinion of the board, the Company's key management are the directors of the Company. Information regarding their compensation is given below in aggregate for each of the categories specified in FRS 102:

	2020 £	2019 £
Wages and salaries	1,456,487	298,430
Social security costs	197,374	36,670
Pensions costs	21,681	14,038
Company car cost	-	8,451
	<u>1,675,542</u>	<u>357,589</u>

24. Controlling party

The immediate parent undertaking is Enterprise Training 3 Limited, a company registered in England and Wales.

Enterprise Training 2 Limited is the immediate parent undertaking of Enterprise Training 3 Limited, a company registered in England and Wales, at which level Group accounts incorporating Corndel Limited will be prepared.

The ultimate parent undertaking company as at 31 December 2020 was THI Holdings GmbH, a company incorporated in Germany.

The largest group of undertakings for which group accounts for the year ended 31 December 2020 will be drawn up, is that headed by THI Holdings GmbH. Copies of the group accounts are available from Eberhardstraße 65, 70173 Stuttgart, Germany.