

MODAL TRAINING

MODAL TRAINING LIMITED

COMPANY NUMBER 03563579

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2018

MODAL TRAINING LIMITED

Professional Advisers

Independent Auditors:	Mazars LLP, Park View House 58 The Ropewalk Nottingham NG1 5DW
Bankers:	Lloyds TSB Bank PLC, Bailey Drive, Gillingham Business Park, Kent, ME8 0LS
Solicitors:	Walker Morris, Kings Court, 12 King Street, Leeds, LS1 2HL Eversheds, Bridgewater Place, Water Lane, Leeds, LS11 5DR Bates & Mountain, The Old Courthouse, 42 Brighowgate, Grimsby, DN32 0QW
Tax Advisers:	Forrester Boyd, 26 South Saint Mary's Gate, Grimsby, DN31 1LW
Registered Office:	C/O GIFHE, Nuns Corner, Laceby Road, Grimsby, North East Lincolnshire, DN34 5BQ

MODAL TRAINING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST JULY 2018

The directors present their report together with the audited financial statements for the trading year ended 31 July 2018.

PRINCIPAL ACTIVITIES

Following completion of the development of the facilities, the principal activity of the Company will be the provision of training in the ports, energy and logistic industries, together with a full range of support services.

BUSINESS REVIEW

The directors are satisfied with the performance of the company and with its financial position at 31st July 2018. The Company is investing in state of the art equipment and building relationships with potential customers to ensure future growth.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £987,055 (2017-£610,406). The payment of a dividend is not recommended by the directors leaving the loss of £987,055 (2017-£610,406) to be carried to reserves.

GOING CONCERN

The company has continued to make progress and has recently acquired the trade and assets of Transafe Training to increase its capacity in logistics training. Health and Safety training is also now delivered on site increasing the range of courses available. The Modal Advisory Committee and Managing Director are continuing to build and establish relationships with potential customers hence strengthening Modal's presence in the market. As a result of these actions the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and adopt the going concern basis of accounting in preparing the annual financial statements. In reaching this conclusion, the directors have recognised that its parent undertaking has formally indicated that it will not require repayment of the loan within the next 12 months.

DIRECTORS

The directors who served during the year were:

H. Callaway

S. Whitaker

G. Alton

Appointments and resignations during the year and up to the date of signing the financial statements were:

H. Callaway was appointed as director on 4 April 2018.

S. Whitaker resigned as director on 4 April 2018.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, the cost of which is borne by its parent, The Grimsby Institute of Further and Higher Education, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company's parent also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its Directors.

MODAL TRAINING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST JULY 2018 (continued...)

INDEPENDENT AUDITORS

In the Annual General Meeting a decision was made to change Auditors from Grant Thornton LLP to Mazars LLP.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and with the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A and 414B of the Companies Act 2006 in the requirement to provide a Strategic Report.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



G. Alton
Director

Date:

MODAL TRAINING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MODAL TRAINING LIMITED

We have audited the financial statements of Modal Training Limited (the 'company') for the year ended 31 July 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

MODAL TRAINING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIMSBY COLLEGE TRADING LIMITED (Continued)

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

MODAL TRAINING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIMSBY COLLEGE TRADING LIMITED (Continued)

Use of the audit report

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

David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

Date

MODAL TRAINING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 July 2018

	Note	2018 £	2017 £
TURNOVER		184,513	111,213
Cost of sales		(957,933)	(507,736)
GROSS LOSS		(773,420)	(396,523)
Administrative Expenses		(213,635)	(213,883)
Other Operating Income		-	-
OPERATING LOSS BEFORE TAXATION	2	(987,055)	(610,406)
Tax on loss on ordinary activities	4	-	-
LOSS FOR FINANCIAL YEAR		(987,055)	(610,406)
Retained Profits at 1 August		(929,057)	(318,651)
Retained Profits at 31 July		(1,916,112)	(929,057)

All activities relate to continuing operations

The notes on pages 8 to 12 form part of these financial statements.

MODAL TRAINING LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 July 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Intangible Assets	5	3,212	4,152
Tangible Assets	6	6,290,583	6,438,714
CURRENT ASSETS			
Debtors	7	65,552	135,723
Cash at bank and in hand		5,138	48,059
TOTAL CURRENT ASSETS		70,690	183,782
CREDITORS – Amounts falling due within one year	8	(397,764)	(508,066)
NET CURRENT (LIABILITIES)		(327,074)	(324,284)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,966,721	6,118,582
CREDITORS – Amounts falling due after one year	9	(7,882,832)	(7,047,637)
NET LIABILITES		(1,916,111)	(929,055)
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and Loss account		(1,916,113)	(929,057)
TOTAL SHAREHOLDER'S DEFICIT		(1,916,111)	(929,055)

The notes on pages 8 to 12 form part of these financial statements.

These accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006.

These financial statements on pages 6 to 12 were approved by the Board of Directors on and signed on its behalf by:



G. Alton
Director
Company Registration no: 03563579

MODAL TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2018

1 ACCOUNTING POLICIES

Modal Training Limited is a private limited company limited by shares and incorporated and domiciled in England. The address of its registered office and principal place of business is disclosed on the company information page.

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies. In preparing these financial statements there are no areas that require management to exercise judgement in applying accounting policies.

The following accounting policies have been applied throughout the year:

1a) Turnover

Turnover represents the invoiced value of services provided in the UK exclusive of VAT. In the opinion of the directors, turnover represents one class of business.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS102.

1b) Tangible Assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, on a straight line basis, as follows:

Buildings	40 years
Equipment	5-20 years
Computer Equipment	6 years
Intangible Assets	5 years

1c) Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software costs 5-6 years
- Goodwill for small acquisitions the goodwill is written off fully in the year of purchase

1d) Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. In preparing these financial statements there are no areas that require management to exercise judgement in applying accounting policies.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re assessing asset lives, factors such as technological innovation and maintenance

MODAL TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2018 (continued...)

programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

1f) Going concern

The company had a net current liabilities and total position at the end of the financial year. The Modal Advisory Committee and the Managing Director have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and adopt the going concern basis of accounting in preparing the annual financial statements. In reaching this conclusion, the directors have recognised that its parent undertaking has formally indicated that it will not require repayment of the loan within the next 12 months.

2 OPERATING PROFIT	2018	2017
	£	£
Operating profit is stated after charging:		
Depreciation	353,015	163,360
Amortisation	250,940	548

The cost of Auditor remuneration for the year end July 2018 is borne by the parent undertaking.

3 DIRECTORS AND EMPLOYEES

	2018	2017
a) Number Employed	3	4
b) Payroll Costs		
The aggregate payroll costs were:	£	£
Wages and salaries	196,505	171,617
Social Security costs	9,667	15,185
Other Pension costs	10,694	9,708
	<u>216,866</u>	<u>196,510</u>

Number of employees is calculated on the average number of employees per month based over the twelve months of the year that the company was operational.

DIRECTORS EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the company (2017: £nil).

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The company has no tax charge for the year ending 31st July 2018 (31 July 2017: £nil).

	2018	2017
	£	£
Loss at prevailing rate of 19%	(187,540)	(115,977)
Difference on fixed assets	67,301	(35,146)
Group relief	-	13,743
Losses carried forward	120,239	217,149
Other movement	-	(79,789)
	<u>-</u>	<u>-</u>

MODAL TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2018 (continued...)

5 INTANGIBLE FIXED ASSETS

	£
Cost	
As at 1 st August 2017	4,700
Additions	250,000
As at 31 st July 2018	254,700
Accumulated Depreciation	
At 1 st August 2017	548
Charge for the year	250,941
As at 31 st July 2018	251,489
Net book value at 31 st July 2018	3,212
Net book value at 31 st July 2017	4,152

On 31st July the group acquired the trading name of Transafe Training at a cost of £250,000 and this was fully amortised in the year, in line with the company's accounting policies.

6 TANGIBLE FIXED ASSETS

	Land	Buildings	Assets Under Construction	Fixtures & Fittings	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 st August 2017	300,000	3,249,155		129,519	2,923,400	6,602,074
Additions	-	64,770	101,326	1,670	37,118	204,884
As at 31 st July 2018	300,000	3,313,925	101,326	131,189	2,960,518	6,806,958
Accumulated Depreciation						
At 1 st August 2017	-	51,759	-	8,875	102,726	163,360
Charge for the year	-	79,418	-	18,702	254,895	353,015
As at 31 st July 2018	-	131,177	-	27,577	357,621	516,375
Net book value at 31 st July 2018	300,000	3,182,748	101,326	103,612	2,602,897	6,290,583
Net book value at 31 st July 2017	300,000	3,197,396		120,644	2,820,674	6,438,714

MODAL TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2018 (continued...)

7 DEBTORS	2018	2017
	£	£
Trade Debtors	10,101	3,372
Prepayments and accrued income	7,562	42,971
Other Taxation and Social Security	47,889	89,380
	65,552	135,723

8 CREDITORS - Amounts falling due within one year

	2018	2017
	£	£
Trade Creditors	19,551	5,916
Amounts owed to group undertakings	-	-
Other Creditors & Accruals	245,317	178,960
Deferred Capital Grants	132,896	323,190
	397,764	508,066

9 CREDITORS - Amounts falling due after more than one year

	2018	2017
	£	£
GIFHE Debenture	2,000,000	2,000,000
Deferred Capital Grants	1,681,482	1,624,084
Amounts owed to group undertakings	4,201,350	3,423,553
	7,882,832	7,047,637

The GIFHE Debenture and amount owed to group undertakings are secured over all the assets, property and undertakings of the company.

10 CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Authorised		
Ordinary Shares of £1 each	2	2
Allotted and fully paid		
Ordinary Shares of £1 each	2	2

MODAL TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2018 (continued...)

11 PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is The Grimsby Institute of Further & Higher Education, a corporation established under the Further and Higher Education Act 1992, the college is an exempt charity.

The Grimsby Institute of Further & Higher Education is the parent undertaking of the largest and the smallest group of undertakings to consolidate these financial statements at 31 July 2018. The consolidated financial statements of The Grimsby Institute of Further & Higher Education are available from Nuns Corner, Grimsby, North East Lincolnshire, DN34 5BQ.

12 RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of The Grimsby Institute of Further & Higher Education. Pursuant to paragraph 33.5 of FRS102 the Company has not disclosed details of transactions with the Institute or any of the Institute's subsidiary undertakings.

13 CAPITAL COMMITMENTS

	2018	2017
	£	£
As at 31 st July, the company had the following capital commitments	<u>317,306</u>	<u>568,000</u>