

REGISTERED NUMBER: 03476432

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016
FOR
KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

THURSDAY



A20 *A6BITB00* #183
27/07/2017
COMPANIES HOUSE

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Independent Auditors' Report	5
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2016**

DIRECTORS:	J D Bentley N Goodwin
REGISTERED OFFICE:	Kingswood House Alkmaar Way Norwich Norfolk NR6 6BF
REGISTERED NUMBER:	03476432 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 3 St James Court Whitefriars Norwich NR3 1RJ
BANKERS:	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR
SOLICITORS:	Travers Smith 10 Snow Hill London EC1A 2AL

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their strategic report for the year ended 31 October 2016.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the provision of inspiring learning experiences for young people including educational school visits and adventure breaks. The directors do not anticipate any material changes in the company's activities in the ensuing year.

On 27 October 2016, the parent company of Kingswood Learning and Leisure Group Limited, Inspiring Learning (Holdings) Limited, was acquired by Graduation Topco Limited, a company controlled by funds managed by BDC II Nominees Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

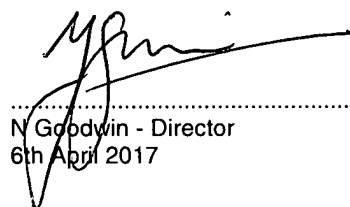
The management of the business and the execution of the company's strategy are subject to a number of risks, the key ones being set out below:

- Customer demand and market competition - the business engages in regular communication with its customers to establish trends and ensure maximum customer satisfaction. Market competitors are recognised and monitored.
- Major disaster - as with any business in this sector the company is exposed to external events such as fire, natural disaster or infectious disease. A disaster recovery plan is in place and commercial insurances exist for any significant business interruption or loss/damage.
- Reputational risk - the business has a robust safeguarding and health and safety policy which is reviewed on a regular basis to ensure it is fit for purpose. The group also employs a PR agency to manage image and brand awareness within the industry.
- Adequate financing and funding risk - the business is in regular communication with all shareholders and lenders to assess future funding requirements. The business monitors cash flow and forward looking forecasts to ensure a clear view of the coming events.

KEY PERFORMANCE INDICATORS

The directors of Inspiring Learning (Holdings) Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that disclosure of the principal risks and uncertainties of the company and analysis using key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business of Kingswood Learning and Leisure Group Limited. The development, performance and position of Inspiring Learning (Holdings) Limited group, which includes this company, is discussed in the annual report of Inspiring Learning (Holdings) Limited which does not form part of this report.

ON BEHALF OF THE BOARD:



.....
N Goodwin - Director
6th April 2017

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their report and the audited financial statements for the year ended 31 October 2016.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £2,451,000 after exceptional costs of £8,258,000 and dividends received from subsidiaries of £2,198,000 (2015: profit £3,344,000 after exceptional income of £631,000). Dividends of £6,394,000 were paid during the year under review (2015: £nil).

GOING CONCERN

The directors have received confirmation from Graduation Topco Limited, the ultimate parent undertaking, that it will provide financial support to Kingswood Learning and Leisure Group Limited, in order for it to meet its commitments as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors have, accordingly, prepared the financial statements on a going concern basis.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include foreign exchange risk, liquidity risk and credit risk. Given the size of the company the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk

The company has cash at bank and access to funding from other group companies such as to ensure it is able to settle its debts as they fall due.

Credit risk

The business's principal financial assets are cash and trade debtors, with the main risk arising from its trade debtors. In order to manage the credit risk the company generally requires stage payments leading up to the date of the activity break such that the full balance is paid before this date.

Foreign exchange risk

The business has some exposure to translation and transaction foreign exchange risk through its overseas activities. The business enters into forward foreign exchange contracts to manage the potential risks associated with exchange rate volatility.

DIRECTORS

The directors, who held office throughout the year and up to the date of signing the financial statements, were as follows:

J D Bentley
N Goodwin

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The company maintains liability insurance which was in force throughout the financial year and at the date of approval of the financial statements for its directors and officers, with a cover limit for each claim or series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under section 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Should a person become disabled while in the company's employment, every effort is made to retain them in employment, giving alternative training as necessary.

EMPLOYEE INFORMATION

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The company is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at a local level and the publication of monthly key performance indicators covering output, operating costs and health and safety.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report and 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 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 (FRS 102).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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.

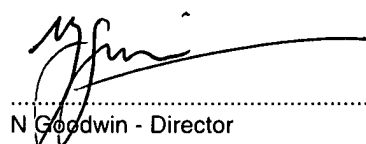
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next annual general meeting.

ON BEHALF OF THE BOARD:



N Goodwin - Director

6th April 2017

Independent auditors' report to the members of Kingswood Learning and Leisure Group Limited

Report on the financial statements

Our opinion

In our opinion, Kingswood Learning and Leisure Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2016 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 October 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Kingswood Learning and Leisure Group Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
7 April 2017

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016

		2016	2015
	Note	£'000	Restated £'000
TURNOVER	5	22,973	22,636
Cost of sales		<u>(9,004)</u>	<u>(9,172)</u>
GROSS PROFIT		13,969	13,464
Exceptional costs	6	(8,258)	631
Administrative expenses		<u>(10,857)</u>	<u>(11,435)</u>
Total administrative expenses		(19,115)	(10,804)
Other operating income		<u>577</u>	<u>698</u>
		577	698
OPERATING (LOSS)/PROFIT	6	<u>(4,569)</u>	<u>3,358</u>
Interest payable and similar charges	8	(80)	(14)
Dividends received from subsidiary undertakings		<u>2,198</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,451)	3,344
Tax on (loss)/profit on ordinary activities	9	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(2,451)</u>	<u>3,344</u>

The company had no items of other comprehensive income in either the current or prior year.

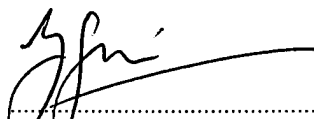
The notes form part of these financial statements

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**BALANCE SHEET
AS AT 31 OCTOBER 2016**

		2016	2015 Restated
	Note	£'000	£'000
FIXED ASSETS			
Intangible assets	10	385	286
Tangible assets	11	33,900	23,597
Investments	12	<u>61</u>	<u>25</u>
		34,346	23,908
CURRENT ASSETS			
Inventories	13	129	193
Debtors: amounts falling due within one year	14	29,726	37,077
Debtors: amounts falling due after one year	14	-	5,120
Cash at bank and in hand		<u>3,477</u>	<u>193</u>
		33,332	42,583
CREDITORS:			
Amounts falling due within one year	15	<u>(19,358)</u>	<u>(34,263)</u>
NET CURRENT ASSETS/LIABILITIES		<u>13,974</u>	<u>8,320</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		48,320	32,228
CREDITORS:			
Amounts falling due, after one year	16	(24,998)	-
Provisions for liabilities	18	<u>(479)</u>	<u>(540)</u>
NET ASSETS		<u>22,843</u>	<u>31,688</u>
CAPITAL AND RESERVES			
Called up share capital	21	-	-
Revaluation reserve		11,211	11,211
Retained earnings		<u>11,632</u>	<u>20,477</u>
TOTAL EQUITY		<u>22,843</u>	<u>31,688</u>

The financial statements on pages 7 to 19 were approved by the Board of Directors on 6th April 2017 and were signed on its behalf by:



 N Goodwin
 Director

Registered number: 03476432

The notes form part of these financial statements

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Revaluation reserves	Retained Earnings	Total
	£'000	£'000	£'000
At 1 November 2014 as restated	11,211	17,133	28,344
Profit and total comprehensive income for the financial year as restated	-	3,344	3,344
At 31 October 2015 as restated	11,211	20,477	31,688
Loss and total comprehensive expense for the financial year	-	(2,451)	(2,451)
Dividend paid	-	(6,394)	(6,394)
At 31 October 2016	11,211	11,632	22,843

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. COMPANY INFORMATION

Kingswood Learning and Leisure Group Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's principal activities are set out in the strategic report on page 2.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Kingswood Learning and Leisure Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principal accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years shown unless otherwise stated. The Company has adopted FRS 102 for the first time in these financial statements. Details of the transition to FRS 102 are disclosed in note 22.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The functional currency of Kingswood Learning and Leisure Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

The directors have received confirmation from Graduation Topco Limited, the ultimate parent undertaking, that it will provide financial support to Kingswood Learning and Leisure Group Limited, in order for it to meet its commitments as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors have, accordingly, prepared the financial statements on a going concern basis.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent undertaking, Inspiring Learning (Holdings) Limited, includes the Company's cash flows in its own consolidated statement;

(ii) from disclosing transactions with other group companies that are wholly owned within the Group, as per FRS 102 paragraph 33.1;

(iii) from certain financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, on the basis that equivalent disclosures are included in the consolidated financial statement disclosures of the group in which the entity is consolidated;

(iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Consolidated financial statements

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006 on the grounds that its results and those of its subsidiaries are included in the financial statements of its intermediate parent undertaking Inspiring Learning (Holdings) Limited, a company incorporated in England and Wales. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

3. ACCOUNTING POLICIES - continued

Turnover and other operating income

The turnover shown in the statement of comprehensive income comprises the aggregate amount of gross revenue receivable from educational visits and any related coach travel commencing in the period, and other services supplied to customers in the ordinary course of business, exclusive of Value Added Tax.

Revenue relating to educational tours is recognised on departure date. Revenue relating to educational visits at one of the group's centres is recognised on arrival at the centre.

Deposits received in advance for educational visits commencing after the period end are included within deferred income. Other income, excluding Value Added Tax, is recognised at date of sale with the exception of income generated from the sale of third party insurance policies which is recognised on departure date.

Other operating income relates to staff deductions made for food and accommodation provided.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual value over their estimated useful lives, as follows:

Sales licences	- 5 years straight line
Trademarks	- over the life of the trademark
Software	- 4 years straight line

Assets, including software, in the course of construction are stated at cost. These assets are not amortised until they are available for use.

Fixed assets

Tangible assets are stated at historic 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.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	- 2% straight line
Leasehold properties	- lease period straight line
Leasehold property improvements	- lease period straight line
Plant and machinery	- 25% straight line
Website development costs	- 25% straight line

No depreciation is provided on freehold land.

Lease agreements

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital elements of the leasing obligations is recorded as a liability on inception of the arrangement. The lease payments are proportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

3. ACCOUNTING POLICIES – continued

Lease agreements - continued

(ii) Sales and leaseback

Sale and leaseback transactions resulting in a finance lease are accounted for in line with the finance lease policy above. Any excess of sales proceeds over the carrying amount are deferred and amortised over the lease term. Any loss on disposal of the assets is recognised immediately in the statement of comprehensive income.

(iii) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Investments

Investments in the subsidiary undertakings are included at cost less any provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a First In First Out basis.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

3. ACCOUNTING POLICIES – continued

Restatement

A property owned by Inspiring Learning (Holdings) Limited, an intermediate holding company, was incorrectly treated as being owned by Kingswood learning and Leisure Group Limited. The correction of this error has been recognised as a prior year adjustment. Tangible fixed assets have been reduced by a net £8,107,000, retained earnings have increased by £1,007,000 and a corresponding intercompany receivable of £9,114,000 has been recognised. The impact on the prior year statement of comprehensive income is to increase the previously disclosed operating profit and profit for the year by £174,000.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the company's accounting policies

The directors believe that there are no critical judgements involved in applying the company's accounting policies that warrant disclosure.

b) Key accounting estimates and assumptions

The directors believe that there are no key accounting estimates and assumptions involved in applying the Company's accounting policies that warrant disclosure.

5. TURNOVER

The turnover and loss (2015: profit) on ordinary activities before taxation are attributable to the principal activities of the company. The directors consider that the disclosure of a geographical analysis by destination and by origin of turnover and profit would be seriously prejudicial to the Company.

6. OPERATING PROFIT/(LOSS)

The operating profit/(loss) and profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2016	2015
	£'000	Restated £'000
Depreciation - owned assets	1,637	1,832
Amortisation of intangible assets	154	-
Loss on disposal of fixed assets	-	280
Auditors' remuneration - audit of financial statements	63	45
Auditors' remuneration – tax and other fees	20	22
Foreign exchange losses/(gains)	(23)	2
Operating lease costs	863	1,082
Exceptional items	<u>8,258</u>	<u>(631)</u>

The 2016 exceptional costs of £8,258,000 in the year ended 31 October 2016 relate to fair value adjustment to property (£5,348,000), uninsured commercial incident (£243,000), other write offs (£543,000), fees and one off payments in relation to the restructure of the Inspiring Learning Services Limited group (£1,219,000), and inter-company debt waived (£905,000).

The 2015 exceptional credit relates to the waiver of intercompany payables.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

7. EMPLOYEE INFORMATION

The average monthly number of persons, including directors, employed by the company during the year was as follows:

	2016	2015
	Number	Number
Administration staff	91	76
Activity centres and support	<u>516</u>	<u>566</u>
	<u>607</u>	<u>642</u>

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	8,831	7,996
Social security costs	577	456
Other pension costs	<u>56</u>	<u>72</u>
	<u>9,464</u>	<u>8,524</u>

The directors received no remuneration in respect of their services to the company during the year (2015: nil)

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£'000	£'000
Other interest	<u>80</u>	<u>14</u>

9. INCOME TAX

Tax expense included in profit or loss

No current or deferred tax arose in the year under review (2015: £nil).

Reconciliation of tax charge

Tax assessed for the period differs to the standard rate of corporation tax in the UK for the year ended 31 October 2016 of 20% (2015: 20.42%). The differences are explained below:

	2016	2015
	£'000	£'000
Profit/(loss) on ordinary activities before tax	<u>(2,451)</u>	<u>3,344</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.42%)	(490)	683
Effects of:		
Permanent differences	1,422	44
Group relief	<u>(932)</u>	<u>(727)</u>
Current tax charge	<u>-</u>	<u>-</u>

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)**

10. INTANGIBLE ASSETS

	Trademarks £'000	Sales licences £'000	Software and IT licences £'000	Totals £'000
COST				
At 1 November 2015	7	100	1,202	1,309
Additions	-	-	193	193
At 31 October 2016	7	100	1,395	1,502
ACCUMULATED AMORTISATION				
At 1 November 2015	-	100	923	1,023
Charge for year	-	-	154	154
At 31 October 2016	-	100	1,077	1,177
NET BOOK AMOUNT				
At 31 October 2016	7	-	318	325
At 31 October 2015	7	-	279	286

11. TANGIBLE ASSETS

	Freehold property buildings -restated £'000	Leasehold property £'000	Leasehold property improvements £'000	Plant and machinery £'000	Website development Costs £'000	Total £'000
COST						
At 1 November 2015 as restated	17,439	-	9,764	8,243	124	35,570
Additions	15,818	25,000	429	1,041	-	42,288
Disposals	(33,257)	-	-	-	-	(33,257)
At 31 October 2016	-	25,000	10,193	9,284	124	44,601
ACCUMULATED DEPRECIATION						
At 1 November 2015 as restated	2,563	-	2,997	6,315	98	11,973
Charge for year	346	-	555	736	-	1,637
Eliminated on disposal	(2,909)	-	-	-	-	(2,909)
At 31 October 2016	-	-	3,552	7,051	98	10,701
NET BOOK AMOUNT						
At 31 October 2016	-	25,000	6,641	2,233	26	33,900
At 31 October 2015	14,876	-	6,767	1,928	26	23,597

Freehold property with a net book amount of £30,348,000 was subject to a sale and finance leaseback transaction giving rise to a loss on disposal of £5,348,000, reflecting proceeds under the transaction of £25,000,000. The term of the lease is 175 years.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

12. INVESTMENTS

	Subsidiary undertakings £'000
COST	
At 1 November 2015	25
Additions	36
NET BOOK VALUE	
At 31 October 2016	<u>61</u>
At 31 October 2015	<u>25</u>

At 31 October 2016 the subsidiaries, all 100% owned and incorporated within England and Wales, were as follows:

Entity name	Principal activity
Camp Beaumont Day Care Limited*	Day care camps
Britannia Coach Services Limited*	Coach travel supp. educational visits
Kingswood Colomendy Limited*	Educational visits
Kingswood Centre Limited*	Dormant
Kingswood (Isle of Wight) Limited*	Dormant
London Day Camps Limited	Dormant
* Directly owned	

The directors consider the value of the investments to be supported by their underlying assets and cash flows.

13. INVENTORIES

	2016 £'000	2015 £'000
Goods for resale	<u>129</u>	<u>193</u>

The replacement cost of stocks does not differ materially from the values disclosed above.

14. DEBTORS

	2016 £'000	2015 Restated £'000
Amounts falling due within one year:		
Trade debtors	2,213	2,330
Amounts owed by group undertakings	25,377	33,715
Other debtors	1,254	147
Prepayments and accrued income	<u>882</u>	<u>885</u>
	<u>29,726</u>	<u>37,077</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>-</u>	<u>5,120</u>
Aggregate amounts	<u>29,726</u>	<u>42,197</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 Restated £'000
Trade creditors	1,602	2,675
Amounts due under finance leases	2	62
Amounts owed to group undertakings	8,928	24,933
Taxation and social security	2,703	731
Other creditors	1,287	927
Accruals and deferred income	<u>4,836</u>	<u>4,935</u>
	<u>19,358</u>	<u>34,263</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment, and are repayable on demand.

16. AMOUNTS DUE UNDER FINANCE LEASES

	2016 £'000	2015 £'000
Amounts due under finance leases	<u>24,998</u>	<u>55</u>

Future minimum payments under finance leases are as follows:

Group	2016 £'000	2015 £'000
Within one year	2	62
Between two and five years	8	-
Over five years	<u>24,990</u>	<u>-</u>
Total gross payments	<u>25,000</u>	<u>62</u>
Less finance charges included above	<u>-</u>	<u>(7)</u>
	<u>25,000</u>	<u>55</u>

The above amounts relate to amounts due under the sales and finance leaseback transaction entered into during the year under review. The term of the lease is 175 years and the interest rate implicit in the arrangement is 3.57% per annum.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

17. OPERATING LEASE COMMITMENTS

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings	Other	Land and buildings	Other
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
Not later than one year	767	56	771	65
Later than one year and not later than five years	1,634	24	1,115	60
Later than five years	2,518	-	2,657	-
	4,919	80	4,543	125

18. PROVISIONS FOR LIABILITIES

	Onerous Lease £'000
At 1 November 2015	540
Utilised in the year	(61)
At 31 October 2016	<u>479</u>

The onerous lease relates to a provision for the future lease costs of the unused element of the Kingswood Norwich office. This arose due to the corporate restructure and reorganisation. The lease has a remaining life of nine years; the provision will reverse over this period.

19. CONTINGENT LIABILITIES AND COMMITMENTS

The company is a guarantor, alongside other group subsidiaries, of the Graduation Topco Limited group bank facilities. The liabilities concerned amounted to £36,000,000 at 31 October 2016.

There were no other material contingent liabilities at 31 October 2016.

20. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the entity is Inspiring Learning Limited, a company incorporated in England.

The largest and smallest group of undertakings for which consolidated financial statements are prepared to include the results of this company are headed by Graduation Topco Limited and Inspiring Learning (Holdings) Limited both of which are registered in England.

A copy of Graduation Topco Limited and Inspiring Learning (Holdings) Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Graduation Topco Limited, incorporated in England is the ultimate parent undertaking of the entity.

The company is controlled by funds managed by BDC II Nominees Limited.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016 (CONTINUED)

21. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Authorised		
10,000 (2016: 10,000) Ordinary shares of £1 each (2015: £1)	<u>10</u>	<u>10</u>
Allotted and fully paid:		
2 (2016: 2) Ordinary share of £1 each (2015: £1)	<u>-</u>	<u>-</u>

22. TRANSITION TO FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 October 2015. The date of transition to FRS 102 was 1 November 2014.

There were no adjustments to the Company's financial statements at 1 November 2014 or 31 October 2015 on transition to FRS 102.