

REGISTERED NUMBER: 03476432

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020
FOR
KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

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KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2020**

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KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2020**

| | |
|-----------------------------|---|
| DIRECTORS: | A Williamson C McLean (resigned 21 Jan 2021) M Robinson (appointed 21 Jan 2021) |
| REGISTERED OFFICE: | One Jubilee Street Brighton England BN1 1GE |
| REGISTERED NUMBER: | 03476432 (England and Wales) |
| INDEPENDENT AUDITOR: | KPMG LLP Chartered Accountants & Statutory Auditors 1 Forest Gate Brighton Road Crawley RH11 9PT |
| BANKER: | National Westminster Bank plc 135 Bishopsgate London EC2M 3UR |
| SOLICITOR: | Travers Smith 10 Snow Hill London EC1A 2AL |

**KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020**

The directors present their strategic report for Kingswood Learning and Leisure group limited ('the company') for the year ended 31 October 2020.

RESULTS AND DIVIDENDS

Revenue for the financial year was £2,624,000 (2019: £23,524,000).

The loss for the financial year amounted to £8,657,000 after exceptional costs of £136,000 (2019: profit £1,756,000 after exceptional costs of £nil). Loss before exceptional costs for the year was £8,521,000 (2019: profit £1,756,000). Details of other operating income can be found in note 6 to the accounts.

The directors have not recommended the payment of a dividend (2019: £nil).

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.

During the year under review, the company performed well up until the date of the UK government's first lockdown measures being put into place on 23 March 2020 due to the COVID-19 global pandemic.

All sources of income were severely impacted by the pandemic, and the uncertainty caused by the outbreak have made forecasting events and business performance challenging. Significant levels of scenario running, stress testing and contingency planning have been undertaken since March 2020 to ensure the business remains on a solid footing and maintains sufficient levels of capital for its future operations.

From the date of the March 2020 lockdown the company took assertive action to mitigate risk, reduce cash outflows and protect jobs and the wider business. VAT and PAYE payments were deferred in line with HMRC's Time to Pay schemes; staff were furloughed under the UK Government's Coronavirus Job Retention Scheme; and non-essential capex at the Group's 10 UK sites was paused. The business also benefited from the business rates exemption announced by the government for the 2020/21 financial year.

The company was in a robust cash position when the government lockdown began and the business remains well positioned for a successful recovery following the reopening of the economy after the UK-wide lockdown.

The company's focus for the upcoming financial year is to reopen the business in a Covid secure manner and return to normal trading levels following the Covid-19 pandemic. On 17 May 2021 our centres started to receive customers for overnight residential trips for the first time since March 2020, in line with Government guidance. This marked a significant moment for the business after the prolonged period of restrictions and we can now get back to delivering life changing experiences for young people. The directors continue to work with key stakeholders to maintain strong relationships and work collectively ahead of reopening in the upcoming financial year.

While the impact and uncertainty caused by the global pandemic has required substantial management focus in recent months, the company continues to monitor the effects of Brexit on the political and economic environment. There are however no current indications of any significant risks posed by Brexit that could affect the company's development or ability to continue as a going concern.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

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.
- Covid-19 – at present schools are being advised not to attend residential trips due to the prevalence of the virus, and as such this has become a principal risk in the year. Management is focussed on managing cash flows and implementing a strategy for how to open again in a Covid secure way in FY21.

KEY PERFORMANCE INDICATORS

The KPIs are turnover, operating profit/(loss) and capital expenditure.

| | Year ended 31 Oct 2020 £'m | Year ended 31 Oct 2019 £'m |
|---|----------------------------------|----------------------------------|
| Turnover | 2.6 | 23.5 |
| Operating profit/ (loss) | (7.7) | 2.7 |
| Capital expenditure (tangible and intangible assets) (excl. Goodwill and lease back additions) | 1.1 | 2.1 |

DIRECTORS STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

Section 172 of the Companies Act 2006 requires the directors of the company to act in the way that they consider, in good faith, would most likely promote the success of the company for the benefit of its owners and stakeholders.

In doing so section 172 requires a director to have regard (amongst other matters) to:

- a) The likely consequences of any decisions in the long-term.
- b) The interest of the company's employees.
- c) The need to foster the company's business relationships with suppliers, customers and others.
- d) The impact of the company's operations on the community and environment.
- e) The desirability of the company maintaining a reputation for high standards of business conduct.
- f) The need to act fairly as between members of the company.

The directors of Kingswood Learning and Leisure Group Limited delegate authority for the day to day management of the company to the Senior Leadership Team and then engage management in setting, approving and overseeing execution of the business strategy and related policies.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

The directors have set out below some examples of how Kingswood Learning and Leisure Group Limited have had regards to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty.

The core purpose of the group is to provide life-changing adventures across our businesses and this is driven by our core values:

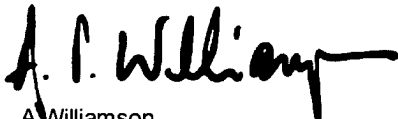
- We have integrity - a moral compass that never wavers.
- We are courageous, bold, energetic and industry-defining.
- We insist on inclusivity; creating equal opportunities without hesitation.
- We constantly nurture, support and care for each other by encouraging growth.

The company has aspirations for our businesses to become recognised as great places to work, and this has been driven by our intent to attract and develop the very best people. We have made significant strides in positioning ourselves to be recognised as a great place to work through the development of a new diversity and inclusion strategy; a commitment to driving flexibility in the workplace post-pandemic; and the introduction of our health and wellbeing strategy focusing on both mental and physical health, which is supported by the introduction of mental health first aiders right across our business.

The company continues to be an active participant in our industry, being closely aligned to a number of external bodies and networking to bring the change our industry needs. These bodies include the Institute for Outdoor learning, EFSA, Department for Education, Ofsted, and COLtC. We recognise the importance of being closely aligned with our industry and relationships with schools and other learning institutions have become invaluable for us to achieve our mission.

The company has partnered with Spread a Smile charity who support and engage with children during the most traumatic experiences in hospital, by providing entertainment and fun during hospital stays. The organisation supports Spread a Smile by raising brand awareness through partnerships and our teams taking part in a number of activities to raise much-needed funds to support their great work.

ON BEHALF OF THE BOARD:



A Williamson
Director
28 May 2021

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their report and the audited financial statements for Kingswood Learning and Leisure Group Limited ('the company') for the year ended 31 October 2020.

GOING CONCERN

During the year under review, the company performed well up until 23 March 2020 at which point the national lockdown ordered by the government placed the business into hibernation. The company has re-commenced trading in May 2021 in line with the latest government guidance. See the Strategic Report on page 2 of these accounts outlining the impact and mitigation measures undertaken by management during the coronavirus pandemic.

The Directors have assessed the Company's financial position alongside the Group's budgets and cashflow forecasts for the period ending 30 June 2022. These indicate, taking into account of reasonably possible downsides, the Company will have sufficient funds, through funding from Graduation Topco Limited, to meet its liabilities as they fall due for that period.

The Graduation Topco Limited Group financial statements indicate that a material uncertainty exists over its ability to continue as a going concern due to the current absence of covenant waivers to date for the anticipated EBITDA covenant breach in April 2022, which have not yet been requested.

Based on their enquiries the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. See the going concern section in Note 3 for the basis of preparation wording that has been included in the Graduation Topco Limited group financial statements.

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 minimal exposure to translation and transaction foreign exchange risk through its overseas activities. International customers are billed in sterling to minimise foreign exchange exposure.

DIRECTORS

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

C McLean (resigned 21 Jan 2021)

A Williamson

M Robinson (appointed 21 Jan 2021)

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

POLITICAL CONTRIBUTIONS

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

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED
31 OCTOBER 2020 (CONTINUED)**

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY

Following the closure of the Kingswood centres in March 2020 we ensured that energy usage was reduced to the minimum required to maintain our properties at a safe standard and achieve the maximum possible energy efficiency for the year.

31 October 2020

| UK Energy consumed: | kWh |
|----------------------------|------------|
| Electricity used | 2,051,556 |
| Gas consumption | 6,138,937 |
| Fuel consumption | 210,530 |

31 October 2020

| UK Emissions from: | Tonnes CO2 |
|--------------------------------|-------------------|
| Centres | 996 |
| Office and Staff Accommodation | 604 |
| Mileage | 50 |

31 October 2020

| Company's Chosen Intensity Measurement | Ratio |
|---|--------------|
| Total CO2 emissions per £m Revenue * | 629.2 |

* The Total CO2 emissions per £m Revenue are higher than we would anticipate due to the low revenue caused by the Covid-19 pandemic.

Consumption data was determined by using meter data and estimated fuel usage based on mileage claims.

Emissions were determined by applying UK government conversion factors to the energy consumption values and aggregating the total.

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 auditor is 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 auditor is aware of that information.

INDEPENDENT AUDITORS

KPMG 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:



A Williamson
Director
One Jubilee Street
Brighton
East Sussex
BN1 1GE

28 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Opinion

We have audited the financial statements of Kingswood Learning and Leisure Group Limited ("the company") for the year ended 31 October 2020 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material Uncertainty in relation to Going Concern

We draw attention to note 3 of the financial statements which indicates that the Company's ability to continue as a going concern is dependent on the continued financial support from its ultimate parent company, Graduation Topco Limited. The financial statements of Graduation Topco Limited include a material uncertainty related to going concern and therefore the availability of support may be in doubt if required. These events and conditions, along with other matters explained in note 3, constitute a material uncertainty related to going concern that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSWOOD LEARNING AND LEISURE GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

1.5. 

Timothy Rush (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
28 May 2021

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2020

| | | 2020 | 2019 |
|---------------------------------------|------|-----------------|--------------|
| | Note | £'000 | £'000 |
| TURNOVER | 5 | 2,624 | 23,524 |
| Cost of sales | | (4,810) | (9,100) |
| GROSS (LOSS)/ PROFIT | | (2,186) | 14,424 |
| Exceptional Costs | 7 | (136) | - |
| Administrative expenses | | (10,999) | (12,629) |
| Total administrative expenses | | (11,135) | (12,629) |
| Other operating income | 6 | 5,578 | 855 |
| OPERATING (LOSS)/ PROFIT | 7 | (7,743) | 2,650 |
| Interest payable and similar expenses | 9 | (914) | (894) |
| (LOSS) /PROFIT BEFORE TAXATION | | (8,657) | 1,756 |
| Tax on (loss)/profit | 10 | - | - |
| (LOSS) /PROFIT FOR THE YEAR | | (8,657) | 1,756 |

The notes on pages 13 to 24 form an integral part of these financial statements

There is no other comprehensive income for the year ended 31 October 2020 (2019: none).

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2020

| | | 2020 | 2019 |
|--|------|---------------|---------------|
| | Note | £'000 | £'000 |
| FIXED ASSETS | | | |
| Intangible assets | 11 | 90 | 375 |
| Tangible assets | 12 | 34,866 | 35,598 |
| Investments | 13 | 4,287 | 4,287 |
| | | 39,243 | 40,260 |
| CURRENT ASSETS | | | |
| Inventories | 14 | 8 | 104 |
| Debtors: amounts falling due within one year | 15 | 31,733 | 30,804 |
| Cash at bank and in hand | | 4,002 | 1,416 |
| | | 35,743 | 32,324 |
| CREDITORS: | | | |
| Amounts falling due within one year | 16 | (32,185) | (23,454) |
| NET CURRENT ASSETS | | 3,558 | 8,870 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 42,801 | 49,130 |
| CREDITORS: | | | |
| Amounts falling due after one year | 17 | (24,986) | (24,987) |
| Provision for liabilities | 19 | (2,627) | (298) |
| NET ASSETS | | 15,188 | 23,845 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 23 | - | - |
| Revaluation reserve | | 11,211 | 11,211 |
| Retained earnings | | 3,977 | 12,634 |
| TOTAL EQUITY | | 15,188 | 23,845 |

The notes on pages 13 to 24 form an integral part of these financial statements

The financial statements on pages 10 to 24 were approved by the Board of Directors on 28 May 2021 and were signed on its behalf by:



A Williamson
Director

Registered number: 03476432

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

| | Share Capital | Revaluation reserve | Retained Earnings | Total |
|-------------------------------|----------------------|--------------------------------|------------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| At 1 November 2018 | - | 11,211 | 10,878 | 22,089 |
| Profit for the financial year | - | - | 1,756 | 1,756 |
| At 31 October 2019 | - | 11,211 | 12,634 | 23,845 |
| Loss for the year | - | - | (8,657) | (8,657) |
| At 31 October 2020 | - | 11,211 | 3,977 | 15,188 |

The notes on pages 13 to 24 form an integral part of these financial statements.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

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

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.

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

During the year under review, the company performed well up until 23 March 2020 at which point the national lockdown ordered by the government placed the business into hibernation. The company has re-commenced trading in May 2021 in line with the latest government guidance. See the Strategic Report on page 2 of these accounts outlining the impact and mitigation measures undertaken by management during the coronavirus pandemic.

The Directors have assessed the Company's financial position alongside the Group's budgets and cashflow forecasts for the period ending 30 June 2022. These indicate, taking into account of reasonably possible downsides, the Company will have sufficient funds, through funding from Graduation Topco Limited, to meet its liabilities as they fall due for that period.

The Graduation Topco Limited Group financial statements indicate that a material uncertainty exists over its ability to continue as a going concern due to the current absence of covenant waivers to date for the anticipated EBITDA covenant breach in April 2022, which have not yet been requested. The following basis of preparation wording has been included in the group accounts:

"Notwithstanding a loss for the year of £20,913,000 and a net current liability position of £1,930,000 (2019: £6,784,000) the directors have prepared the financial statements on a going concern basis for the following reasons:

The Group meets its working capital requirements through its available cash balances and the Revolving Credit Facility and long term loan held with its bankers. As a result of the Covid-19 pandemic the Group restructured its debt in July 2020. As part of the restructure the principal lenders (Baring Asset Management and Crescent Capital) acquired the Group in equal proportion and waived £35,670,000 of the senior debt and accrued interest. In addition £19,118,000 of loan note debt and loan note interest that was payable at that time from the previous owners was waived. As part of the overall restructuring new facilities of £18,500,000 were committed to the Group of which £3,500,000 has not yet been drawn to date. During the current year the Group has been in compliance with all its bank covenant tests. After the year end, as a result of the continuing impact of COVID-19, the Group has received, in advance, Covenant waivers in respect of EBITDA performance from its Lenders for the period from October 2021 up to 31 March 2022, with covenants relating to liquidity being put in place until that point.

The national outdoor education industry has been severely impacted by the pandemic and following the national lockdown order by the government on 23 March 2020 the majority of the Group's subsidiaries were put into hibernation as they were not permitted to trade. With the continuing impact of the coronavirus pandemic the Group's subsidiaries, with the exception of Camp Beaumont Day Care Limited, have done minimal trade at the date of signing these accounts.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

Camp Beaumont has been running Covid-secure day camps in line with government guidance and revenue for 2021 is currently outperforming 2019 levels.

Management has prepared cash flow forecasts for the period to 30 June 2022. In preparing these base forecasts they have considered the impacts of Covid-19. Specifically, they have considered a scenario in which no revenue is earned at the 10 Kingswood centres until May 2021 in line with current Government guidance, followed by a gradual return to more normal levels of trading later in the year. However, given the continuing uncertainties presented by COVID-19 it is plausible that a more severe downside scenario results in a one month delay to the reopening of the Kingswood centres as well as a further two month lockdown in late 2021/early 2022. In both the base forecast and downside scenario the Group would need further covenant waivers in relation to the minimum EBITDA and leverage covenants for the 12 month period ending 30 April 2022 and, under the downside scenario, would need to drawdown on its committed but unused facilities ensuring the Group continues with cash headroom throughout the period.

The Directors are confident that they will be able to agree to a waiver of the minimum EBITDA and leverage covenants for the rolling 12 month period ended 30 April 2022 with their lenders and note that under the base case and downside scenario this breach does not extend to the next review period of the 31 July 2022. Management has currently agreed with lenders that the April 2022 covenants will be reviewed in September 2021 when there will be clarity over the trading performance to April 2022. It is possible that performance will exceed expectations such that a covenant waiver for this date will not be required and therefore the Directors have not yet sought a waiver for April 2022. The forecast covenant breach in April 2022 creates a material uncertainty as this would mean that the loans would become repayable on demand and outside of the control of the Company, notwithstanding that the majority Shareholders of the group are also the majority lenders.

Based on their assessment as outlined above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the current absence of covenant waivers to date for the anticipated breaches of EBITDA covenants in April 2022, which have not yet been requested, represent a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern and therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate."

Based on their enquiries the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Exemptions for qualifying entities under FRS 102

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent undertaking, Graduation Topco 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 Graduation Topco 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 2020 (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, any related coach travel commencing in the period, sale of goods to customers from the centres on site shops and other services supplied to customers in the ordinary course of business, exclusive of Value Added Tax.

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.

Other operating income relates to grant income and staff deductions made for food and accommodation provided. It is recognised on an accruals basis.

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:

| | |
|---------------------------|-------------------------|
| Software | - 4 years straight line |
| Website development costs | - 4 years straight line |

The amortisation periods selected for intangible assets are in line with management's assessment of the useful economic life of those assets.

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

Website development costs

Development costs directly attributable to bringing the company websites into use are capitalised as intangible fixed assets and amortised on a straight line basis over 4 years.

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:

| | |
|---------------------------------|--|
| Leasehold buildings | - lower of the life of the lease or 50 years |
| Leasehold property improvements | - lower of lease period or assets useful economic life |
| Plant and machinery | - 25% straight line |

No depreciation is provided on freehold land.

Lease agreements

At inception the company 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 company'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.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

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.

(ii) Sale 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.

Provisions

Provisions are measured at the amount that the business would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Risks and uncertainties are taken into account in measuring a provision.

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 2020 (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance.

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

(i) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates. See note 12 for the carrying amount of the tangible assets, and note 3 for the useful economic lives for each class of assets.

(ii) Impairment of investments

Investments held as fixed assets are shown at cost less provision for impairment.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

In assessing the carrying value, the Directors have considered the forecast performance of the business underlying the investment.

5. TURNOVER

The turnover and loss (2019: 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 loss would be prejudicial to the Company.

| | Year ended 31 October 2020 £'000 | Year ended 31 October 2019 £'000 |
|-----------------------|---|---|
| Sales of goods | 61 | 600 |
| Rendering of services | 2,563 | 22,924 |
| | 2,624 | 23,524 |

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

6. OTHER OPERATING INCOME

| | 2020 | 2019 |
|---|---------------|------------|
| Other operating income in respect of: | £'000 | £'000 |
| Coronavirus Job Retention Scheme (Grant income) | 2,739 | - |
| NCS contract settlement | 2,700 | - |
| Local government grant (Grant income) | 34 | 361 |
| Food & Accommodation recovery income | 105 | 488 |
| Other income | - | 6 |
| | 5, 578 | 855 |

NCS contract settlement represents a cancellation fee paid by the customer for the Summer 2020 programme.

7. OPERATING (LOSS)/PROFIT

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

| | 2020 | 2019 |
|--|-------|-------|
| | £'000 | £'000 |
| Depreciation - owned assets | 949 | 910 |
| Depreciation - leasehold | 850 | 801 |
| Amortisation of intangible assets | 301 | 226 |
| Auditor's remuneration - audit of financial statements | 65 | 55 |
| Foreign exchange losses | 1 | 11 |
| Operating lease costs | 668 | 912 |
| Exceptional costs | 136 | - |

Exceptional items

The 2020 exceptional costs of £136,000 in the year ended 31 October 2020 relate to restructuring costs.

Auditor's remuneration

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent.

8. EMPLOYEE INFORMATION

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

| | 2020 | 2019 |
|------------------------------|------------|------------|
| | Number | Number |
| Administration staff | 115 | 103 |
| Activity centres and support | 359 | 544 |
| | 474 | 647 |

The aggregate payroll costs of these persons were as follows:

| | 2020 | 2019 |
|-----------------------|--------------|---------------|
| | £'000 | £'000 |
| Wages and salaries | 8,150 | 10,213 |
| Social security costs | 577 | 696 |
| Other pension costs | 124 | 118 |
| | 8,851 | 11,027 |

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)**

8. EMPLOYEE INFORMATION (CONTINUED)

The directors received no remuneration in respect of their services to the company during the year (2019: nil). The company received a management charge of £696,000 (2019: £575,000) from Graduation Bidco Limited for services provided by group directors during the year under review.

The company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £124,000 (2019: £118,000). A total of £29,000 (2019: £32,000) was payable to the funds at the year end.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|------------------------|-------------------|------------|
| | £'000 | £'000 |
| Other interest | 34 | 49 |
| Finance lease interest | 880 | 845 |
| | <u>914</u> | <u>894</u> |

10. INCOME TAX

Tax expense included in profit or loss

No current or deferred tax expense arose in the year under review (2019: £nil).

a) Reconciliation of tax charge

Tax assessed for the period is higher than the standard rate of corporation tax in the UK for the year ended 31 October 2020 of 19% (2019: 19%). The differences are explained below:

| | 2020 | 2019 |
|---|-----------------------|--------------|
| | £'000 | £'000 |
| (Loss)/profit on ordinary activities before tax | <u>(8,657)</u> | <u>1,756</u> |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%) | (1,645) | 334 |
| Effects of: | | |
| Permanent differences: | | |
| Use of unrecognised tax assets | (182) | (120) |
| Change in rate of corporation tax | - | (14) |
| Non-deductible expenses | 64 | 220 |
| Group relief not paid for | - | (420) |
| Unrecognised tax losses carried forward | <u>1,763</u> | <u>-</u> |
| Total tax charge | <u>-</u> | <u>-</u> |

The company has an unrecognised deferred tax asset of £1,763,000 (2019: £nil) relating to losses carried forward. Deferred tax has been calculated using a tax rate of 19%.

b) Tax rate changes

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

Deferred tax has been calculated using a tax rate of 19%.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

11. INTANGIBLE ASSETS

| | Software & IT licences | Website Development costs | Total |
|---------------------------------|---------------------------|---------------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Cost | | | |
| At 1 November 2019 | 1,265 | 124 | 1,389 |
| Additions | 16 | - | 16 |
| At 31 October 2020 | 1,281 | 124 | 1,405 |
| Accumulated amortisation | | | |
| At 1 November 2019 | 890 | 124 | 1,014 |
| Charge for year | 301 | - | 301 |
| At 31 October 2020 | 1,191 | 124 | 1,315 |
| Net book amount | | | |
| At 31 October 2020 | 90 | - | 90 |
| At 31 October 2019 | 375 | - | 375 |

12. TANGIBLE ASSETS

| | Leasehold property | Leasehold property improvements | Plant and machinery | Total |
|---------------------------------|-----------------------|---------------------------------------|------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 November 2019 | 25,000 | 15,612 | 3,739 | 44,351 |
| Additions | - | 759 | 308 | 1,067 |
| At 31 October 2020 | 25,000 | 16,371 | 4,047 | 45,418 |
| Accumulated depreciation | | | | |
| At 1 November 2019 | 1,500 | 5,527 | 1,726 | 8,753 |
| Charge for year | 500 | 350 | 949 | 1,799 |
| At 31 October 2020 | 2,000 | 5,877 | 2,675 | 10,552 |
| Net book amount | | | | |
| At 31 October 2020 | 23,000 | 10,494 | 1,372 | 34,866 |
| At 31 October 2019 | 23,500 | 10,085 | 2,013 | 35,598 |

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)**

13. INVESTMENTS

Subsidiary
undertakings
£'000

COST

At 1 November 2019 and 31 October 2020

4,287

The Directors have performed an impairment review of the value of Kingswood Learning and Leisure Group Limited's Investment balance as indicators of impairment were present at the balance sheet date. The value of the investment was measured using a Value In Use calculation. In determining value in use for the underlying CGU, the cash flows were discounted at a rate of 10.3% on a post-tax basis. This analysis showed that no impairment was required.

At 31 October 2020 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 |
| Skern Lodge 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. The registered address for the listed subsidiaries is 2nd Floor, One Jubilee Street, Brighton, BN1 1GE.

14. INVENTORIES

| | 2020 £'000 | 2019 £'000 |
|------------------|---------------|---------------|
| Goods for resale | <u>8</u> | <u>104</u> |

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

Stock of £29,000 was charged to the profit and loss account in the year (2019: £278,000) including write offs in the year of £116,000 (2019: nil).

15. DEBTORS

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 599 | 2,108 |
| Amounts owed by group undertakings (note 21) | 30,228 | 27,728 |
| Other debtors | 311 | 48 |
| Prepayments | 595 | 920 |
| | <u>31,733</u> | <u>30,804</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 2020 (CONTINUED)

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Trade creditors | 3,201 | 1,169 |
| Amounts due under finance leases | 2 | 3 |
| Amounts owed to group undertakings (note 21) | 23,863 | 13,584 |
| Taxation and social security | 820 | 868 |
| Other creditors | 166 | 1,132 |
| Accruals and deferred income | 4,133 | 6,698 |
| | <u>32,185</u> | <u>23,454</u> |

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

17. AMOUNTS DUE UNDER FINANCE LEASES

| | 2020 | 2019 |
|----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Amounts due under finance leases | <u>24,988</u> | <u>24,990</u> |

Future minimum payments under finance leases are as follows:

| | 2020 | 2019 |
|----------------------------|---------------|---------------|
| | £'000 | £'000 |
| Within one year | 2 | 3 |
| Between one and five years | 11 | 12 |
| Over five years | 24,975 | 24,975 |
| Total gross payments | <u>24,988</u> | <u>24,990</u> |

The above relate to amounts due under the sales and finance leaseback transaction on properties entered into during the year under review. The term of the lease is 175 years and the interest rate implicit in the arrangement is 3.51% per annum.

18. 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 2020 £'000 | Other 2020 £'000 | Land and buildings 2019 £'000 | Other 2019 £'000 |
|---|--|---------------------------------|--|---------------------------------|
| Not later than one year | 486 | 60 | 648 | 78 |
| Later than one year and not later than five years | 1,081 | 18 | 1,480 | 48 |
| Later than five years | 3,685 | - | 4,170 | - |
| | <u>5,252</u> | <u>78</u> | <u>6,298</u> | <u>126</u> |

Operating leases relate to land and buildings and car leases. During the year £668,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £912,000).

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)**

19. PROVISIONS FOR LIABILITIES

| | Other provisions £'000 | Onerous Lease £'000 | Total £'000 |
|----------------------|------------------------------|---------------------------|----------------|
| At 1 November 2019 | - | 298 | 298 |
| Utilised in the year | - | (61) | (61) |
| Created in the year | 2,390 | - | 2,390 |
| At 31 October 2020 | 2,390 | 237 | 2,627 |

The brought forward onerous lease relates to a provision for the future lease costs of the unused element of the company's office in Norwich.

Other provisions relate to vouchers issued to customers following Covid-19 cancellations.

20. 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 £21,456,000 at 31 October 2020.

There were no other material contingent liabilities at 31 October 2020.

21. RELATED PARTY TRANSACTIONS

Related balances are disclosed in note 15 and 16 with trade balances included as part of trade debtors and trade creditors. As at 31 October 2020 Kingswood Learning and Leisure Limited had the following aggregate related party balances with subsidiaries of the Ultimate parent.

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Amounts owed from immediate parent company | 29,857 | 614 |
| Amounts owed from group undertakings | 371 | 27,114 |
| Amounts owed from related parties | 30,228 | 27,728 |
| Amounts owed to group undertakings | 23,863 | 13,584 |
| Amounts owed to related parties | 23,863 | 13,584 |

Key management personnel related party transactions are exempt from disclosure.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

22. 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 which is registered at 1 Jubilee Street, Brighton, BN1 1GE.

A copy of Graduation Topco Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Swift Newco Limited, incorporated in Jersey is the ultimate parent undertaking of the entity.

The company is jointly controlled by certain limited partnerships managed by Crescent Capital Group and Barings Asset Management.

23. CALLED UP SHARE CAPITAL

| | 2020 £'000 | 2019 £'000 |
|---|-----------------------------|-----------------------------|
| Authorised | | |
| 10,000 (2019: 10,000) Ordinary shares of £1 each (2019: £1) | <u>10</u> | <u>10</u> |
| Allotted and fully paid: | | |
| 2 (2019: 2) Ordinary share of £1 each (2019: £1) | <u>-</u> | <u>-</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.