

REGISTERED NUMBER: 05897187

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020
FOR
KINGSWOOD COLOMENDY LIMITED



KINGSWOOD COLOMENDY LIMITED
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

	Page
Company Information	1
Strategic Report	2
Directors' Report	4
Independent Auditor's Report to the members of Kingswood Colomendy Limited	7
Statement of other comprehensive income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

KINGSWOOD COLOMENDY 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:	05897187 (England and Wales)
INDEPENDENT AUDITORS:	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 COLOMENDY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their strategic report for Kingswood Colomendy Limited ('the company') for the year ended 31 October 2020.

RESULTS AND DIVIDENDS

Revenue for the financial year was £300,000 (2019: £2,997,000) a large decline in the year with the business having to close its only centre in March 2020 through to the end of the financial year due to the Covid-19 pandemic.

The loss for the financial year amounted to £1,544,000 (2019 profit: £353,000). Operating loss for the year was £1,566,000 (2019 profit: £349,000), which was driven by the revenue decline.

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 trips and adventure breaks. The company operates one centre in Mold, North Wales.

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. 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. 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.

The directors plan to continue growing the business through a combination organic growth and addition of new centres.

The directors do not anticipate any material changes in the company's activities in the ensuing year.

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 company 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.

KINGSWOOD COLOMENDY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (CONTINUED)

KEY PERFORMANCE INDICATORS

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

	Year ended 31 Oct 2020 £'m	Year ended 31 Oct 2019 £'m
Turnover	0.3	3.0
Operating profit/ (loss)	(1.6)	0.3
Capital expenditure (tangible and intangible assets) (excl. Goodwill and lease back additions)	0.1	0.1

ON BEHALF OF THE BOARD:



A Williamson
Director
28 May 2021

KINGSWOOD COLOMENDY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their report and the audited financial statements for Kingswood Colomendy 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.

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)

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The company maintains liability insurance 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.

KINGSWOOD COLOMENDY LIMITED

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

EMPLOYEE INVOLVEMENT

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole.

EMPLOYMENT OF DISABLED PERSONS

The company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitude and abilities. Appropriate training is arranged for disabled persons, including the retraining for alternative work of employees who may become disabled, to promote their career development within the organisation.

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 period ended 31 October 2020 (2019: nil).

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.

KINGSWOOD COLOMENDY LIMITED

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

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, 2nd Floor
Brighton
East Sussex
BN1 1GE

28 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSWOOD COLOMENDY LIMITED

Opinion

We have audited the financial statements of Kingswood Colomendy 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 COLOMENDY 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 5, 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.

T. J. 

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 COLOMENDY LIMITED
STATEMENT OF COMPREHENSIVE INCOME

		2020	2019
	Note	£'000	£'000
TURNOVER	5	300	2,997
Cost of sales		(634)	(1,288)
GROSS (LOSS)/PROFIT		(334)	1,709
Administrative expenses		(1,542)	(1,430)
Exceptional costs		(21)	-
Total administrative expenses		(1,563)	(1,430)
Other operating income	6	331	70
OPERATING (LOSS)/PROFIT	7	(1,566)	349
Interest payable and similar expenses	9	(4)	(5)
(LOSS)/PROFIT BEFORE TAXATION		(1,570)	344
Tax on loss/profit	11	26	9
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,544)	353
OTHER COMPREHENSIVE INCOME			
Re-measurement of net defined benefit obligation	10	(105)	(54)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,649)	299

The notes on pages 12 to 24 form an integral part of these financial statements.

The results for the current year and prior year relate entirely to continuing operations.

KINGSWOOD COLOMENDY LIMITED
BALANCE SHEET AS AT 31 OCTOBER 2020

		2020	2019
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	12	2,683	2,818
CURRENT ASSETS			
Inventories	13	6	18
Debtors: amounts falling due within one year	14	7,965	7,893
Cash at bank and in hand		574	91
		8,545	8,002
CREDITORS:			
Amounts falling due within one year	15	(11,636)	(9,937)
NET CURRENT LIABILITIES		(3,091)	(1,935)
TOTAL ASSETS LESS CURRENT LIABILITIES		(408)	883
Provision for liabilities	17	(842)	(484)
NET (LIABILITIES)/ASSETS		(1,250)	399
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Revaluation reserve		48	48
Retained earnings		(1,298)	351
TOTAL EQUITY		(1,250)	399

The notes on pages 12 to 24 form an integral part of these financial statements.

The financial statements on pages 9 to 24 were authorised for issue by the board of directors on 28 May 2021 and were signed on its behalf by:



A Williamson - Director

Registered number: 05897187

KINGSWOOD COLOMENDY LIMITED

STATEMENT OF CHANGES IN EQUITY

	Revaluation reserve	Retained Earnings	Called up share capital	Total
	£'000	£'000	£'000	£'000
At 1 November 2018	48	52	-	100
Profit and other comprehensive income for the year	-	299	-	299
At 31 October 2019	48	351	-	399
(Loss) and other comprehensive income for the year	-	(1,649)	-	(1,649)
At 31 October 2020	48	(1,298)	-	(1,250)

The notes on pages 12 to 24 form an integral part of these financial statements.

KINGSWOOD COLOMENDY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

1. COMPANY INFORMATION

Kingswood Colomendy 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 Colomendy 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.

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 Colomendy 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 COLOMENDY 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 company, Inspiring Learning (Holdings) Limited, includes the Company's cash flows in its own consolidated financial statements;
- (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.

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.

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

3. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Tangible fixed 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 property improvements	-	lower of lease period or assets useful economic life
Plant and machinery	-	25% straight line

Inventories

Stocks 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.

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.

(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

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

3. ACCOUNTING POLICIES (CONTINUED)

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.

Defined benefit pension scheme

The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of comprehensive income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or income.

Actuarial gains and losses are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate to the scheme liabilities. The actuarial valuations are prepared on a triennial basis and updated annually. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Further details regarding the company pension scheme are contained in note 9 to the financial statements.

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.

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) Defined benefit pension scheme

The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(ii) The assessment of useful economic life of tangible fixed assets.

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

5. TURNOVER

The turnover and profit on ordinary activities before taxation are attributable to the principal activities of the company. Although the provision of certain services took place abroad, turnover is considered to arise in the United Kingdom based on the country of residence of the customer. Below is a split between significant revenue streams.

	Year ended 31 October 2020 £'000	Year ended 31 October 2019 £'000
Sales of goods	10	86
Rendering of services	290	2,911
	300	2,997

6. OTHER OPERATING INCOME

	2020 £'000	2019 £'000
Other operating income in respect of:		
Coronavirus Job Retention Scheme (Grant income)	323	-
Food & Accommodation recovery income	8	70
	331	70

7. OPERATING PROFIT

Operating profit is stated after charging:

	2020 £'000	2019 £'000
Operating lease costs	57	48
Depreciation - owned fixed assets	204	208

Auditor's remuneration of £7,820 (2019: £8,500) was borne by Kingswood Learning and Leisure Group Limited, an intermediate parent undertaking, without recharge.

8. EMPLOYEES AND DIRECTORS' INFORMATION

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

	2020 Number	2019 Number
By activity:		
Activity centres and support	51	81
	51	81

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

8. EMPLOYEES AND DIRECTORS' INFORMATION (CONTINUED)

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	677	1,037
Social security costs	37	54
Pension costs	18	10
	732	1,101

None of the directors received any remuneration for their services to the company during the year under review (2019: £nil). The company received a management charge of £90,000 (2019: £81,000) 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 £18,000 (2019: £8,000). A total of £1,000 (2019: £nil) was payable to the funds at the year end

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 October 2020	Year ended 31 October 2019
	£'000	£'000
Pension interest (note 10)	4	5

10. PENSION COMMITMENTS

Kingswood Colomendy Limited is a participant member of the Merseyside Pension Fund, a multi-employer defined benefit pension scheme. The latest triennial valuation of the scheme was carried out as at 31 March 2019 and has been updated to 31 October 2020 by a qualified independent actuary in accordance with the requirements of FRS102.

The main assumptions used by the actuary were:

	2020 %	2019 %
Expected rate of increase in salaries	3.90	3.60
Expected rate of increase of pensions in payment	2.50	2.20
Discount rate	1.60	1.90
Rate of inflation	2.40	2.10

The mortality assumptions used were as follows:

	2020 Years	2019 Years
Longevity at age 65 for current pensioners		
- Men	20.9	22.2
- Women	24.0	25.0
Longevity at age 65 for future pensioners		
- Men	22.5	25.2
- Women	25.9	27.9

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

10. PENSION COMMITMENTS (CONTINUED)

The analysis of the scheme assets at the balance sheet date was as follows:

	Value 2020 £'000	Value 2019 £'000
Equities	303	360
Government bonds	16	72
Other bonds	90	39
Property	58	63
Cash	26	23
Others	<u>136</u>	<u>148</u>
Total market value of assets	629	705
Present value of scheme liabilities	<u>(955)</u>	<u>(916)</u>
Deficit in the scheme	<u><u>(326)</u></u>	<u><u>(211)</u></u>

Reconciliation of present value of scheme liabilities:

	2020 £'000	2019 £'000
Present value of scheme liabilities at the beginning of the year	916	821
Current service cost	13	11
Interest on pension liabilities	17	23
Member contributions	2	2
Past service cost	6	-
Benefits/transfers paid	(27)	(29)
Actuarial loss on liabilities	<u>28</u>	<u>88</u>
Present value of scheme liabilities at the end of the year	<u><u>955</u></u>	<u><u>916</u></u>

Reconciliation of fair value of scheme assets:

	2020 £'000	2019 £'000
Fair value of scheme assets at the beginning of the year	705	659
Interest on plan assets	13	18
Actuarial (loss)/gain on assets	(77)	34
Employer contributions	14	20
Member contributions	2	2
Benefits/transfers paid	<u>(28)</u>	<u>(28)</u>
Fair value of scheme assets at the end of the year	<u><u>629</u></u>	<u><u>705</u></u>

Scheme assets do not include any of the company's own financial instruments, or any property occupied by the company.

The expected returns on scheme assets have been based on the current split by investment sector of the assets of the scheme, using average expected returns on each sector.

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

10. PENSION COMMITMENTS (CONTINUED)

Analysis of the amount charged to operating profit/(loss):

	2020 £'000	2019 £'000
Current service cost	<u>13</u>	<u>11</u>
Total operating charge	<u><u>13</u></u>	<u><u>11</u></u>

Analysis of the amount charged to other finance (expense)/income:

	2020 £'000	2019 £'000
Interest on pension plan assets	13	18
Interest on pension scheme liabilities	<u>(17)</u>	<u>(23)</u>
Total finance expense	<u><u>(4)</u></u>	<u><u>(5)</u></u>

Analysis of the amount recognised in statement of comprehensive income:

	2020 £'000	2019 £'000
Actuarial loss on liabilities	(28)	(88)
Actuarial (loss)/gain on assets	<u>(77)</u>	<u>34</u>
Actuarial loss	<u><u>(105)</u></u>	<u><u>(54)</u></u>

The cumulative amount of actuarial losses recognised in the statement of comprehensive income is £405,000 (2019: £300,000 loss). The company expects to contribute £12,000 (2019: £20,000) to the scheme in the next accounting year.

11. INCOME TAX

a) Total tax expense recognised in the profit and loss account and other comprehensive income

	2020 £'000	2019 £'000
Current tax:		
- Corporation tax on profits for the year	-	-
Total current tax	-	-
	2020 £'000	2019 £'000
Deferred tax:		
- Origination and reversal of timing differences	26	9
Total deferred tax	26	9
Tax on profit on ordinary activities	26	9

KINGSWOOD COLOMENDY LIMITED

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

11. INCOME TAX (CONTINUED)

b) 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	(1,570)	344
(Loss)/ Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(298)	65
Effects of:		
Permanent differences:		
Group relief surrendered/ (not paid for)	-	(65)
Losses carried forward	270	-
Origination and reversal of timing differences	54	9
Total tax charge	26	9

The company has an unrecognised deferred tax asset of £270,000 (2019: £nil) relating to losses carried forward. Deferred tax has been calculated using a tax rate of 19%.

c) 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.

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

12. TANGIBLE ASSETS

	Leasehold property improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 November 2019	4,108	183	4,291
Additions	47	22	69
At 31 October 2020	4,155	205	4,360
Accumulated depreciation			
At 1 November 2019	1,368	105	1,473
Charge for year	157	47	204
At 31 October 2020	1,525	152	1,677
Net book amount			
At 31 October 2020	2,630	53	2,683
At 31 October 2019	2,740	78	2,818

13. INVENTORIES

	2020 £'000	2019 £'000
Goods for resale	6	18

Stock of £5,000 was charged to the profit and loss account in the year (2019: £40,000). Write offs in the year totalled £nil (2019: £nil).

14. DEBTORS

	2020 £'000	2019 £'000
Trade debtors	29	226
Amounts owed by group undertakings (note 21)	7,864	7,621
Other taxes and social security	71	-
Prepayments	1	46
	7,965	7,893

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

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Trade creditors	475	66
Amounts owed to group undertakings (note 21)	562	561
Amounts owed to immediate parent (note 21)	10,042	8,548
Other creditors	2	1
Taxation and social security	-	60
Accruals and deferred income	555	701
	11,636	9,937

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

16. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2020	2019
	£'000	£'000
Not later than one year	50	50
Later than one year and not later than five years	200	200
Later than five years	577	627
	827	877

Operating leases relate to land and buildings. During the year £57,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £48,000).

17. PROVISION FOR LIABILITIES

	Other Provisions	Deferred tax (Note 18)	Pension commitments (Note 10)	Total
Group	£'000	£'000	£'000	£'000
At 1 November 2019	-	273	211	484
Origination and reversal of timing differences	-	-	6	6
Created in the year	269	-	-	269
Charged to profit and loss	-	(26)	4	(22)
Actuarial loss	-	-	105	105
At 31 October 2020	269	247	326	842

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

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

18. DEFERRED TAX

The deferred tax liability consists of the tax effect of timing differences in respect of:

	31 October 2020	31 October 2019
	£'000	£'000
Difference between depreciation over capital allowances	(310)	(310)
Deferred tax liability excluding that relating to pension liability	(310)	(310)
Deferred tax asset relating to pension asset	63	37
Total deferred tax liability	(247)	(273)

The movement in the deferred taxation balance during the year was:

	£'000
Balance at 1 November 2019	(273)
Charged to the profit and loss account in the year	26
Charged to statement of comprehensive income	-
Balance at 31 October 2020	(247)

The amount of net reversal of deferred tax expected to occur next year is £nil (2019: £nil) as existing timing differences related to realisation of the defined benefit pension scheme and depreciation in excess of capital allowances are expected to reverse in more than 1 year. Deferred tax has been calculated using a tax rate of 19% (2019: 17%).

19. CALLED UP SHARE CAPITAL

	2020	2019
	£'000	£'000
Authorised		
100,000 (2019: 100,000) Ordinary shares of £1 each (2019: £1)	100	100
Allotted and fully paid		
1 (2019: 1) Ordinary share of £1 each (2019: £1)	-	-

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.

20. CONTINGENT LIABILITIES

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 or 31 October 2019.

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

21. RELATED PARTY TRANSACTIONS

Related balances are disclosed in note 14 and 15 with trade balances included as part of trade debtors and trade creditors. As at 31 October 2020 Kingswood Colomendy Limited had the following aggregate related party balances with subsidiaries of the Ultimate parent.

	2020	2019
	£'000	£'000
Amounts owed from group undertakings	7,864	7,621
Amounts owed from related parties	7,864	7,621
Amounts owed to immediate parent company	10,042	8,548
Amounts owed to group undertakings	562	561
Amounts owed to related parties	10,604	9,109

Key management personnel related party transactions are exempt from disclosure.

22. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the entity is Kingswood Learning and Leisure Group Limited, a company incorporated in England.

The largest and smallest group in which the results of the Company are consolidated is headed by Graduation Topco Limited registered at 1 Jubilee Street, Brighton BN1 1GE. The consolidated financial statements of the group are available to the public and may 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.