

Registered number: 10216479

GRADUATION BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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GRADUATION BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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GRADUATION BIDCO LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 OCTOBER 2019

DIRECTORS:

A Williamson
C McLean
M Robinson

INDEPENDENT AUDITORS:

KPMG LLP
Chartered Accountants & Statutory Auditors
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

BANKERS:

National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

SOLICITORS:

Travers Smith
10 Snow Hill
London
EC1A 2AL

REGISTERED OFFICE:

One Jubilee Street
Brighton
East Sussex
BN1 1GE

GRADUATION BIDCO LIMITED

STRATEGIC REPORT FOR THE YEAR TO 31 OCTOBER 2019

The directors present their strategic report for Graduation Bidco Limited ('the company') for the period ended 31 October 2019.

Business review

Graduation Bidco Limited is a holding company, holding 100% of the share capital of Inspiring Learning Services Limited and its subsidiaries. Inspiring Learning Services Limited and its subsidiary undertakings provide inspiring learning experiences for young people including educational school trips and adventure holidays.

The main activity of the company is the provision of management services to the Inspiring Learning Holdings Limited group of companies ('the group'). In addition the company holds £36,676,000 of senior bank debt utilised in the group.

In the year the company made a net loss of £4,371,000 (2018: £6,298,000) arising due to the costs associated with the debt held.

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

Principal risks and uncertainties

The directors of Graduation Holdco Limited, the immediate parent undertaking, manage the group's operations on a group wide basis. For this reason, the company's directors believe that disclosure of the principal risks and uncertainties of the company and analysis using key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business of Graduation Bidco Limited.

Management team

Following the purchase of the business by Bridgepoint Development Capital and the disposal of the Equity business, we have continued to strengthen the management team in order to ensure we are well-placed to implement the growth and development of the Kingswood business. Martin Robinson is the non-executive chairman of Graduation Topco Limited group.

The executive management team of the group is led by Alex Williamson as Chief Executive Officer, who was appointed in April 2019.

On behalf of the board



C McLean

Director

27 February 2020

GRADUATION BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their report and the audited financial statements for Graduation Bidco Limited ('the company') for the year ended 31 October 2019.

Results and dividends

The loss for the period amounted to £4,371,000 (2018: £6,298,000). The directors have not recommended the payment of a dividend (2018: nil).

Going concern

Notwithstanding net current liabilities of £19,190,000 as at 31 October 2019 and a loss for the year then ended of £4,371,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the Company for a period of 12 months from the date of approval of these financial statements, taking into account reasonably possible downsides, which indicate that the Company will have sufficient funds, through funding from its immediate parent company, Graduation Holdco Limited, and intermediate parent company, Graduation Midco Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Graduation Holdco Limited and Graduation Midco Limited not seeking repayment of the amounts currently due to the group, which at 31 October 2019 amounted to £9,479,347 to Graduation Holdco Limited and £4,823,183 to Graduation Midco Limited and providing additional financial support during that period. Graduation Holdco Limited and Graduation Midco Limited have indicated their intention to continue to make available such funds as are needed by the company, and that they do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity 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 access to funding from its intermediate parent such as to ensure it is able to settle its debtors as they fall due.

Credit risk

The Directors consider the key risk to the Company to be the recoverability of its investment in its subsidiary. The Directors monitor this closely and are confident that its investment is recoverable. Credit risk on receivable balances is considered to be low given that all balances held are with other Group companies

Directors

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

T Gibson (resigned 24 April 2019)
A Williamson (appointed 24 April 2019)
C McLean
M Robinson

GRADUATION BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

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 which was in force during the financial period and also at the date of approval of the financial statements. 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.

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 group 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 and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

GRADUATION BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

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



C McLean

Director

One Jubilee Street, 2nd Floor

Brighton

East Sussex

BN1 1GE

27 February 2020

GRADUATION BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRADUATION BIDCO LIMITED

Opinion

We have audited the financial statements of Graduation Bidco Limited ("the company") for the year ended 31 October 2019 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 2019 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.

Other Matter - The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors such as recoverability of certain assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

GRADUATION BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRADUATION BIDCO LIMITED

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 4, 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 February 2020

GRADUATION BIDCO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £'000	2018 £'000
Administrative expenses		(1,078)	(1,212)
Total administrative expenses		(1,078)	(1,212)
Other operating income		793	817
Operating loss	5	(285)	(395)
Interest payable and similar expenses	8	(4,086)	(5,903)
Loss before taxation		(4,371)	(6,298)
Tax on loss	9	-	-
Loss for the financial period		(4,371)	(6,298)

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

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

The notes on pages 11 to 18 form an integral part of these financial statements.

GRADUATION BIDCO LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	10	76,583	76,583
Current assets			
Debtors: amounts falling due within one year	11	10,386	7,363
Cash at bank and in hand		76	63
		10,462	7,426
Creditors:			
Amounts falling due within one year	12	(29,652)	(21,681)
Net current liabilities		(19,190)	(14,255)
Total assets less current liabilities		57,393	62,328
Creditors: amounts falling due after one year	13, 14	(40,632)	(41,196)
Total assets less current liabilities and net assets		16,761	21,132
Capital and reserves			
Called up share capital	15	34,530	34,530
Profit and loss account		(17,769)	(13,398)
Total equity		16,761	21,132

The notes on pages 11 to 18 form an integral part of these financial statements.

Registered number: 10216479

The financial statements on pages 8 to 18 were approved by the board of directors on 27 February 2020 and were signed on its behalf by:



C McLean
Director

GRADUATION BIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY

	Called-up Share capital	Retained Earnings	Total
	£'000	£'000	£'000
At 1 November 2017	34,530	(7,100)	27,430
Loss for the year	-	(6,298)	(6,298)
At 31 October 2018	34,530	(13,398)	21,132
Loss for the year	-	(4,371)	(4,371)
At 31 October 2019	34,530	(17,769)	16,761

The notes on pages 11 to 18 form an integral part of these financial statements.

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

1. COMPANY INFORMATION

Graduation Bidco Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. The company is registered in England and 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 Graduation Bidco 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 the period shown unless otherwise stated.

Basis of preparation

The financial statements of Graduation Bidco Limited 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 Graduation Bidco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

In the 31 October 2019 financial statements loan amortisation costs have been included in finance costs. In the prior year financial statements these were included within administration expenses. This has been restated in the prior year comparatives in these financial statements to reflect the current year treatment.

Going concern

Notwithstanding net current liabilities of £19,190,000 as at 31 October 2019 and a loss for the year then ended of £4,371,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the Company for a period of 12 months from the date of approval of these financial statements, taking into account reasonably possible downsides, which indicate that the Company will have sufficient funds, through funding from its immediate parent company, Graduation Holdco Limited, and intermediate parent company, Graduation Midco Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Graduation Holdco Limited and Graduation Midco Limited not seeking repayment of the amounts currently due to the group, which at 31 October 2019 amounted to £9,479,347 to Graduation Holdco Limited and £4,823,183 to Graduation Midco Limited and providing additional financial support during that period. Graduation Holdco Limited and Graduation Midco Limited have indicated their intention to continue to make available such funds as are needed by the company, and that they do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

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 immediate parent undertaking, Graduation Holdco 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.

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

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.

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

Basic financial instruments

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Investments

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

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Deferred issue costs

Issue costs in arranging financial instruments are deferred, netted against the loan balance and amortised over the term of the liability to which they relate.

4. CRITICAL JUDGEMENT

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

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 trading business underlying the investment.

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

5. OPERATING LOSS

Auditor's remuneration of £3,300 (2018: £3,200) was borne by Inspiring Learning (Holdings) Limited, an intermediate parent undertaking, without recharge.

6. EMPLOYEE INFORMATION

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

	2019 Number	2018 Number
By activity:		
Administration	5	4
	5	4

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	806	674
Social security costs	101	93
Pension costs	4	6
	911	773

7. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2019 £'000	2018 £'000
Aggregate directors' emoluments	762	773
	762	773

The highest paid director's total emoluments were £274,000 (2018: £257,000), including contributions to defined contribution pension schemes of £4,000 (2018: £2,000).

4 directors (2018: 4) were members of a defined contribution scheme.

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Senior debt interest (note 14)	3,905	3,814
Amortisation of loan issue costs	95	1,804
Other interest	86	285
	4,086	5,903

9. INCOME TAX

No current or deferred tax arose in the year under review (2018: £nil).

a) Reconciliation of tax charge

Tax assessed for the period differs to the standard rate of corporation tax in the UK for the year ended 31 October 2019 of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Loss on ordinary activities before tax	(4,371)	(6,298)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	(830)	(1,197)
Effects of:		
Permanent differences related to non-deductible expenses	344	179
Group relief surrendered	486	216
Unprovided losses carried forward	-	802
Tax charge for the period	-	-

The group has an unrecognised deferred tax asset of £651,000 (2018: £854,000) relating to trading losses.

b) Tax rate changes

Reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These reduce the main rate to 17% from 1 April 2020.

Deferred tax has been calculated using a tax rate of 17%.

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

10. INVESTMENTS

	Subsidiary Undertakings £'000
Cost as at 1 November 2018 and 31 October 2019	76,583

The company has no intangible assets as at 31 October 2019.

At 31 October 2019 the subsidiaries, all 100% owned and incorporated within England and Wales, were as follows:

Entity name	Principal activity
Inspiring Learning Services Limited *	Non trading sub holding company
Inspiring Learning (Holdings) Limited	Non trading sub holding company
Inspiring Learning Limited	Non trading sub holding company
Outdoor Educational (Holdings) Limited	Non trading sub holding company
Kingswood Educational Group Limited	Non trading sub holding company
Camp Beaumont Day Care Limited	Day care camps
Kingswood Day Camps Limited	Non trading subsidiary
Kingswood Learning and Leisure Group Limited	Educational visits
Britannia Coach Services Limited	Coach travel supporting educational visits
Kingswood Colomendy Limited	Educational visits
Skern Lodge Limited	Educational visits
Kingswood Centre Limited	Dormant
Kingswood (Isle of Wight) Limited	Dormant
London Days Camps Limited	Dormant
CB (Oldco) Limited	Non trading subsidiary

The registered address for the listed subsidiaries is as follows:

1 Jubilee Street, 2nd Floor, Brighton, BN1 1GE

*Directly owned

The directors believe the carrying value of the investments is supported by their underlying assets and cash flows.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Other debtors	-	99
Amounts owed by group undertakings	10,356	7,177
Prepayments and accrued income	5	57
Other taxation and social security costs	25	30
	10,386	7,363

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

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Trade Creditors	116	150
Amounts owed to immediate parent undertaking	9,479	9,479
Amounts owed to group undertakings	19,959	11,849
Accruals and deferred income	98	203
	29,652	21,681

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

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£'000	£'000
Bank loans principal (note 14)	36,000	36,000
Bank loans PIK interest	636	265
Rolling Credit Facility	3,996	4,931
	40,632	41,196

14. LOANS AND OTHER BORROWINGS

Bank loans amounting to £36,676,000 (2018: £36,000,000) are repayable in October 2023. The loan carries cash interest at LIBOR+ 7.5% plus 1% PIK interest and is secured on the assets of the group.

During the period interest was charged at a rate of 9.23% resulting in a charge in the period of £2,963,000 (2018: £2,963,000). Plus 1% PIK interest totalling £361,000.

A revolving credit facility amounting to £3,956,000 (2018: £4,956,000) was drawn down as at 31 October 2019 and is repayable in October 2022. The facility carries interest at LIBOR+ 3% on drawn down balances and a commitment fee of 1.2% for any balance not drawn down up to the facility limit of £5.1m. The facility is secured on the assets of the group. During the period interest was charged on drawn down balances at a rate of 3.3% resulting in a charge in the period of £176,000 (2018: £176,000).

Undrawn facilities

The company also has access to a capex facility amounting to £12,000,000 to 31 July 2019, reducing to £6,000,000 from 1 August 2019, however this was not drawn down as at 31 October 2019. The facility carries interest at LIBOR+ 7.5% on drawn down balances and a commitment fee of 2.65% for any balances not drawn down. The facility is secured on the assets of the group. During the period interest was charged at a rate of 2.65% resulting in a charge in the period of £279,000 (2018: £315,000).

GRADUATION BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

15. CALLED UP SHARE CAPITAL

	2019	2018
	£'000	£'000
Authorised		
34,530,000 ordinary shares of £1 each	34,530	34,530
Allotted and fully paid:		
34,530,000 ordinary shares of £1 each	34,530	34,530

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.

16. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the entity is Graduation Holdco Limited, a company incorporated in England and Wales.

The largest 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 smallest group in which they are consolidated is that headed by Graduation Holdco Limited registered at 1 Jubilee Street, Brighton, BN1 1GE. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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

The company is controlled by certain limited partnerships managed by Bridgepoint Advisers II Limited.

17. RELATED PARTY TRANSACTIONS

During the year Graduation Bidco Limited paid £100,000 (2018: £100,000) for services rendered to Bridgepoint Advisers II Limited, a company which has a controlling interest in the groups ultimate parent company. As at 31 October 2019 Graduation Bidco Limited owed Bridgepoint Advisers II Limited £50,000 (2018: £50,000) in relation to services rendered in the period.

Related balances are disclosed in note 11 and 12 with trade balances included as part on trade debtors and trade creditors. As at 31 October 2019 Graduation Bidco Limited had the following aggregate related party balances with subsidiaries of the Ultimate parent.

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	10,356	7,177
Amounts owed by related parties	10,356	7,177
Amounts owed to immediate parent undertaking	9,479	9,479
Amounts owed to group undertakings	19,959	11,849
Amounts owed to related parties	29,438	21,328