

Graduation Topco Limited

Annual report and financial statements

for the year ended 31 October 2021

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Graduation Topco Limited

Annual report and financial statements for the year ended 31 October 2021

Contents

	Page
Company information.....	1
Strategic report.....	2
Directors' report	5
Independent auditor's report to the members of Graduation Topco Limited.....	8
Consolidated statement of comprehensive income.....	12
Consolidated balance sheet	13
Company balance sheet	14
Consolidated statement of changes in equity	15
Company statement of changes in equity	15
Consolidated cash flow statement.....	16
Notes to the financial statements	17

Graduation Topco Limited
Company information for the year ended 31 October 2021

Directors

A Williamson
C McLean (resigned 21 Jan 2021)
M Robinson
N Hales (appointed 29 Jun 2021)

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

Registered office

1 Jubilee Street
2nd Floor
Brighton
East Sussex
BN1 1GE

Graduation Topco Limited

Strategic report for the year ended 31 October 2021

Business review

The principal activity of the group is the provision of co-curricular and out of classroom learning experiences to schools, colleges and universities in the UK and overseas through the below divisions:

Kingswood Educational Activity Centres - Kingswood operates 11 centres (2020: 10) in the UK and France offering language, arts, science and activity-based classes in unique locations. These centres provide curriculum based activities for UK schools and tailored language based activities for International schools designed to help teachers and group leaders define, target and achieve their learning objectives and maximise the value of their experience at a Kingswood centre. Kingswood was delighted to welcome a new centre to the Inspiring Learning family in the year – Green Park, set in 80 acres of mature woodland near Aston Clinton, Buckinghamshire.

Camp Beaumont Day Care - Camp Beaumont provides childcare during school holidays for children of all ages to encourage an active and healthy lifestyle. We are actively investing in further developing this area of the business to meet the needs of more children in more locations.

Skern Lodge – our outdoor education facility in Devon providing a highly regarded land and water based program to its loyal customers. In addition the company is currently developing an increasing focus on adult education.

In2Action – in May 2021 In2Action was welcomed to the Inspiring Learning family. The business provides high quality training and consultancy as well as activity and adventure courses school children.

Despite the ongoing impact of Covid-19, the year under review saw the group rebound from turnover of £5.6m in 2020 to £17.4m in 2021, with a correspondingly reduced operating loss. The Kingswood business welcomed back schools for residential visits from 17 May 2021 in line with the change in Government guidance, representing the first residential trips since March 2020 when the strict measures were first introduced.

Camp Beaumont had a record year, with turnover of £5.5m (2020: £2.1m) and operating profit of £1.2m (2020: £0.7m operating loss). This business was less impacted by the pandemic than Kingswood with day care providers being able to operate, however we implemented strict Covid-secure staffing ratios and bubbles, which constrained the margins of the business. Camp Beaumont continues to be a growth engine for the group, growing from 16 sites operating in 2020 to 34 in 2021.

The company acts as a holding company. The directors do not anticipate any material changes in the company's activities in the ensuing period. Camp Beaumont continues to be the main area of growth with a target of operating 50 camps in 2022. We are continuing to expand in Asia through our Camp Beaumont Hong Kong branch.

Financial risk management

The group's operations expose it to a variety of financial risks that include liquidity risk, credit risk, and interest rate cash flow risk. Given the size of the group 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 group's finance department.

Liquidity risk

The group has cash at bank and access to banking facilities such as to ensure it is able to settle its debtors as they fall due.

Credit risk

The group'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 group requires stage payments leading up to the date of the activity break such that the full balance is paid before this date.

Interest rate cash flow risk

The group has a bank loan of £18,500,000 which carries interest at a variable rate. The exposure to future interest rate changes has been hedged to mitigate the potential risk exposure.

Graduation Topco Limited

Strategic report for the year ended 31 October 2021 (Continued)

Management team

Martin Robinson is the non-executive chairman of Graduation Topco Limited group.

In April 2019 Alex Williamson was appointed as the new CEO of the group. In addition, we have continued to invest in and develop the broader management team and believe the team now in place is best placed to deliver against our strategic objectives.

Principal risks and uncertainties

The management of the business and the execution of the group'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 major operator the business is exposed to external events such as fire, natural disaster or infectious disease. A disaster recovery plan is in place and commercial insurances exist for any significant business interruption or loss/damage.
- Reputational risk – the business has a robust safeguarding and health and safety policy which is reviewed on a regular basis to ensure it is fit for purpose. The group also employs a PR agency to manage image and brand awareness within the industry.
- Adequate financing and funding risk – the business is in regular communication with all shareholders and lenders to assess future funding requirements. The business monitors cash flow and forward looking forecasts to ensure a clear view of the coming events.
- Brexit – management does not foresee a significant impact on the operations of the business as a result of Brexit. Management is continually assessing any potential impact as Brexit progresses to identify and mitigate any risks that may arise.

Key performance indicators

The key performance indicators (KPIs) relate to the Kingswood and Camp Beaumont Day Care businesses. The KPIs are turnover, operating profit/(loss) before exceptional items, operating profit/(loss), and capital expenditure.

	2021 £m	2020 £m
Turnover	17.4	5.6
Operating loss before exceptional items	(10.2)	(18.2)
Operating (loss)	(10.7)	(18.8)
Capital expenditure (tangible and intangible assets) (excl. Goodwill and lease back additions)	2.4	1.2

The group saw a significant increase in turnover on the prior year. This however remains significantly down on historic and forecast levels due to the impact of the Covid-19 pandemic, and as such led to a second successive operating loss.

Camp Beaumont continued to grow in the year to 34 sites being operated, up from 16 operated in prior year. This business is targeting a record 50 sites in 2022, with 44 already secured as at the date of signing these financial statements.

Response to COVID-19

With the uncertainty that the Covid-19 pandemic created for companies in industries such as ours, the directors oversaw the group's response with the aim of ensuring the group emerged in a stronger position than it was in when it entered the crisis. Actions continued to be taken during the year to preserve cash including the continued use of the Coronavirus Job Retention Scheme and strong cost control. The directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Graduation Topco Limited

Strategic report for the year ended 31 October 2021 (Continued)

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

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

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

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

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

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

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

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

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

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

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

On behalf of the board



N Hales
Director
25 February 2022

Graduation Topco Limited

Directors' report for the year ended 31 October 2021

The directors present their report and the audited consolidated financial statements for the year ended 31 October 2021.

Results and dividends

The consolidated comprehensive loss for the financial year amounted to £14,151,000 (2020: £21,018,000) after exceptional costs of £564,000 (2020: £618,000). See note 7 for detail on exceptional costs. Details of other income can be found in note 6 to the accounts. The directors have not recommended a dividend (2020: £nil).

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.

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

N Hales (appointed 29 Jun 2021)

Directors' and officers' indemnity insurance

The group 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 year and also at the date of approval of the financial statements. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

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 Group and parent Company 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 Group and parent Company 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

Graduation Topco Limited

Directors' report for the year ended 31 October 2021 (continued)

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Greenhouse Gas emissions, energy consumption and energy efficiency

The below disclosure relates to Kingswood Learning and Leisure Group Limited, a subsidiary of the Group.

With the COVID-19 pandemic again impacting the business in this period, energy and emission figures remain lower than we would anticipate in a normal year of trading.

	31 October 2021 kWh	31 October 2020 kWh
UK Energy consumed:		
Electricity used	2,101,385	2,051,556
Gas consumption	7,175,538	6,138,937
Fuel consumption	39,364	210,530
	31 October 2021 Tonnes CO2	31 October 2020 Tonnes CO2
UK Emissions from:		
Centres	968	996
Office and Staff Accommodation	786	604
Mileage	9	50
	31 October 2021 Ratio	31 October 2020 Ratio
Company's Chosen Intensity Measurement		
Total CO2 emissions per £m Revenue *	101.3	629.6

* The Total CO2 emissions per £m Revenue are higher in 2020 than we would anticipate due to the low revenue caused by the Covid-19 pandemic.

Graduation Topco Limited

Directors' report for the year ended 31 October 2021 (continued)

Greenhouse Gas emissions, energy consumption and energy efficiency (continued)

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

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

Statement of disclosure of information to auditors

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors 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



N Hales
Director
One Jubilee Street, 2nd Floor
Brighton
East Sussex
BN1 1GE

25 February 2022

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

Opinion

We have audited the financial statements of Graduation Topco Limited ("the Company") for the year ended 31 October 2021 which comprise the consolidated statement of comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated cash flow statements 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 Group's and of the parent Company's affairs as at 31 October 2021 and of the Group's 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 Group 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRADUATION TOPCO LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls.

The presumed fraud risk related to revenue recognition has been rebutted due to sales being simple with no judgement existing in the revenue recognition process.

We did not identify any additional fraud risks.

In determining the audit procedures we took into the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual account pairings to expenses.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRADUATION TOPCO LIMITED (CONTINUED)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, and employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRADUATION TOPCO LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on pages 5-6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 Group or the parent 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.


Timothy Rush (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate

Brighton Road

Crawley

RH11 9PT

25 February 2022

Graduation Topco Limited

Consolidated statement of comprehensive income for the year ended 31 October 2021

	Note	2021 £'000	2020 £'000
Turnover	5	17,410	5,628
Cost of sales		(10,085)	(7,161)
Gross profit / (loss)		7,325	(1,533)
Exceptional administrative costs	7	(564)	(618)
Other administrative expenses	7	(22,787)	(22,867)
Total administrative expenses		(23,351)	(23,485)
Other income	6	5,286	6,238
Operating loss	7	(10,740)	(18,780)
Loss from interests in joint ventures	11	(120)	(120)
Loss before interest and taxation		(10,860)	(18,900)
Interest receivable and similar income	12	10	13
Interest payable and similar expenses	13	(3,380)	(6,249)
Loss before taxation		(14,230)	(25,136)
Tax on loss	14	-	4,223
Loss for the financial period		(14,230)	(20,913)
Other comprehensive income:			
Actuarial gain / (loss) on pension scheme	27	105	(105)
Deferred tax attributable to actuarial gain	25	(26)	-
Total comprehensive income for the period		(14,151)	(21,018)

The notes on pages 17 to 46 form an integral part of these financial statements.

Graduation Topco Limited

Consolidated balance sheet as at 31 October 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	15	35,977	43,376
Tangible assets	16	39,637	39,254
Investments in joint venture	17	48	168
		75,662	82,798
Current assets			
Inventories	18	134	20
Debtors	19	9,212	4,544
Cash at bank and in hand		2,324	5,768
		11,670	10,332
Creditors: amounts falling due within one year	20	(16,549)	(12,262)
Net current liabilities		(4,879)	(1,930)
Total assets less current liabilities		70,783	80,868
Creditors: amounts falling due after more than one year	21	(52,558)	(47,992)
Provisions for liabilities	26	(2,497)	(2,896)
Pension commitments under defined benefit schemes	27	(225)	(326)
Net assets		15,503	29,654
Capital and reserves			
Called up share capital	29	71	71
Share premium		38,916	38,916
Other Equity reserve	30	58,647	58,647
Retained earnings		(82,131)	(67,980)
Total equity		15,503	29,654

The financial statements on pages 12 to 46 were authorised for issue by the board of directors on 25 February 2022 and were signed on its behalf by:



N Hales
Director

The notes on pages 17 to 46 form an integral part of these financial statements.

Graduation Topco Limited

Company balance sheet as at 31 October 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	17	54,336	54,336
Current assets			
Debtors: amounts falling due within one year	19	861	841
Creditors: amounts falling due within one year	20	(550)	(484)
Net current assets		311	357
Total assets less current liabilities and Net assets		54,647	54,693
Capital and reserves			
Called up share capital	29	71	71
Share premium		38,916	38,916
Other equity reserve	30	58,647	58,647
Retained earnings		(42,987)	(42,941)
Total equity		54,647	54,693

The financial statements on pages 12 to 46 were authorised for issue by the board of directors on 25 February 2022 and were signed on its behalf by:



N Hales
Director

The notes on pages 17 to 46 form an integral part of these financial statements.

Graduation Topco Limited

Consolidated statement of changes in equity

	Called-up share capital	Share premium	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 31 October 2019	71	38,916	3,859	(46,962)	(4,116)
Loss for the year	-	-	-	(20,913)	(20,913)
Loan waivers	-	-	54,788	-	54,788
Actuarial loss on defined benefit pension	-	-	-	(105)	(105)
At 31 October 2020	71	38,916	58,647	(67,980)	29,654
Loss for the year	-	-	-	(14,230)	(14,230)
Actuarial gain on defined benefit pension	-	-	-	105	105
Deferred tax on actuarial gain	-	-	-	(26)	(26)
At 31 October 2021	71	38,916	58,647	(82,131)	15,503

Company statement of changes in equity

	Called-up share capital	Share premium	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 31 October 2019	71	38,916	3,859	(98)	42,748
Loss for the year	-	-	-	(42,843)	(42,843)
Loan note waivers	-	-	54,788	-	54,788
At 31 October 2020	71	38,916	58,647	(42,941)	54,693
Loss for the year	-	-	-	(46)	(46)
Loan note waivers (note 30)	-	-	-	-	-
At 31 October 2021	71	38,916	58,647	(42,987)	54,647

The notes on pages 17 to 46 form an integral part of these financial statements.

Graduation Topco Limited

Consolidated cash flow statement for the year ended 31 October 2021

	Note	2021 £'000	2020 £'000
Net cash used in operating activities	31	(2,532)	(8,577)
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(2,297)	(1,192)
Purchase of intangible assets	15	(101)	(28)
Acquisition of subsidiary (net of cash acquired)	35	320	-
Net cash used in investing activities		(2,078)	(1,220)
Cash flows from financing activities			
Interest received		-	13
Interest paid		(834)	(318)
Net increase in bank loans	24	2,000	14,000
Net cash generated from financing activities		1,166	13,695
Net (decrease) / increase in cash and cash equivalents		(3,444)	3,898
Cash and cash equivalents at the beginning of the period		5,768	1,870
Cash and cash equivalents at the end of the period		2,324	5,768
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,324	5,768
Cash and cash equivalents		2,324	5,768

The notes on pages 17 to 46 form an integral part of these financial statements.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021

1. Company information

Graduation Topco 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 group and company financial statements of Graduation Topco 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 periods shown unless otherwise stated.

Basis of preparation

The Group financial statements of Graduation Topco 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 Group 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 Topco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Going concern

Notwithstanding a comprehensive loss for the year of £14,151,000 (2020: £21,018,000) and a net current liability position of £4,879,000 (2020: £1,930,000) 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. Following on from the restructure of the group's debt in the prior year, the group maintained a £3.5m undrawn banking facility as at 31 October 2021 having outperformed the cash flow expectations set at the time. This has allowed the group to draw on the facility in January 2022 to look to use it for growth opportunities in the market rather than working capital management, as well as accelerate investment in the group's property portfolio to improve customer and staff experience.

During the current year, as a result of the continuing impact of Covid-19, the group received covenant waivers from its bankers for the quarter ended October 2021 where there was a requirement for minimum liquidity only. The Group was then in compliance with all of the covenants during the year and up to the date of signing these financial statements.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

Due to the impact of Covid-19 on the trading performance for May 2021 to July 2021 further resets to the covenants were agreed on 4 February 2022 with the group's lenders, extending the minimum liquidity covenant and deferring the 12 month rolling EBITDA covenant for the quarter ended 30 April 2022. From 31 July 2022 the covenants revert to the original defaults driven by 12 month rolling EBITDA and debt.

The directors have made an assessment of going concern covering a period of at least 12 months from date of approval of these financial statements. This assessment utilised cash flow forecasts, prepared by the directors, for the period to 30 September 2023, which have been based on the board approved budgets that have been provided to the group's lenders. Given the continuing uncertainties presented by Covid-19 the directors have also prepared a severe but plausible downside scenario where they have incorporated a two month lockdown for all Kingswood centres, Skern Lodge and Britannia Coach Services followed by a return to normal trading levels, and kept revenue for Camp Beaumont in line with base case growth assumptions as these camps were able to trade through previous lockdowns as part of essential day care services.

Under both the base case and the severe but plausible downside scenario, the forecasts indicate that the group will have sufficient liquidity to continue in operational existence, will be able to settle its liabilities as they fall due and be in compliance with its banking covenants for a period of at least 12 months from the date of approval of the financial statements.

Consequently, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

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 disclosure:

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

(ii) the requirement to prepare a company statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Turnover

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.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

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.

A new revenue stream arose during the year where the group purchased a number of tickets to various events and attractions from third parties for use by an end customer.

The group is deemed to be the principal in these transactions as it is exposed to the significant risks and rewards associated with the rendering of services. These transactions are therefore recognised on a gross basis. Revenue is recognised on the date the tickets purchased are to be used.

Other income

Other income is recognised on an accruals basis. It is made up of Coronavirus Job Retention Scheme grant income, other local government grant income, staff deductions made for food and accommodation provided, and income from customer lost deposits.

Defined contribution pension scheme

The group make payments to individual pension plans and operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the sponsoring company.

Defined benefit pension scheme

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the sponsoring 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.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in arriving at the profit or loss for the period, 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 period or prior periods. 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.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

Deferred tax

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

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

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

Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which they operate (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

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

Exceptional items

Exceptional items represents items of a material nature requiring separate disclosure in the consolidated statement of comprehensive income. Materiality for exceptional items is determined by reference to its size or nature, or a combination of both.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is considered by the directors to be 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

Intangible assets

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

Trademarks	- lower of the life of the trademark or 10 years straight line
Customer relationships	- 10 years straight line
Internally generated software	- 3 - 5 years straight line
Website development costs	- 4 years straight line

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

Amortisation is charged to Administrative expenses in the statement of comprehensive income.

Where factors such as technological advances or changes in market conditions, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rates are changed to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Website development costs

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

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs attributable to bring the asset to its working condition for its intended use, dismantling and restoration costs.

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	- lower of lease period or 50 years straight line
Leasehold property improvements	- lower of lease period or assets useful economic life
Plant and machinery	- 3 - 10 years straight line

Investment

Investments in subsidiary undertakings are included at cost less any impairment. Investments in joint venture are initially recognised at the transaction price and subsequently adjusted to reflect the company's share of the profit or loss, other comprehensive income and equity of the associate.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate based upon the company's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the cost generating unit.

An impairment loss is reversed if there has been a change in external economic conditions. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts that are applicable are shown within current liabilities.

Inventories

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

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.

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.

Lease agreements

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

(i) Finance leases

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

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

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

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

(ii) Sales and leaseback

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

(iii) Operating leases

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

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Assets acquired under finance leases are included in fixed assets and depreciated over the shorter of the lease period or their expected useful economic lives. The capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account so as to give a constant rate of charge on the remaining balance of each accounting period.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Other than derivatives, the Group has basic financial assets. Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value

of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

3. Accounting policies (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

4. Critical accounting judgements and estimation uncertainty

Key accounting estimates and assumptions

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual facts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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.

(i) Defined benefit pension scheme

The Group 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) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates. See note 16 for the carrying amount of the tangible assets, and note 3 for the useful economic lives for each class of assets.

(iii) Impairment of intangible assets, including goodwill

The Group makes an estimate of the fair value of intangibles and goodwill. When assessing impairment of intangibles and goodwill, management considers factors including the carrying amount of assets, current projections and future cashflows. The directors consider the useful economic life of goodwill to be 10 years. See note 15 for the net carrying amount of the goodwill.

(iv) Impairment of investments

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

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

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

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

5. Turnover

The turnover is attributable to the principal activities of the group.

	2021	2020
	£'000	£'000
Sale of goods	188	71
Rendering of services	17,222	5,557
	17,410	5,628

The directors consider that the disclosure of a geographical analysis by destination of turnover would be prejudicial to the group.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit or Loss Account in these financial statements. The loss after tax of the parent Company for the year was £46,000 (2020: loss £42,843,000)

6. Other Income

	2021	2020
	£'000	£'000
Coronavirus Job Retention Scheme (Grant income)	2,180	3,360
NCS contract settlement	-	2,700
Local government grant (Grant income)	603	25
Retained deposits	2,387	-
Other income	116	153
	5,286	6,238

7. Operating loss

	2021	2020
	£'000	£'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	1,932	2,096
Amortisation of intangible assets	7,596	7,909
Operating lease costs	645	832

Exceptional costs

	2021	2020
	£'000	£'000
Exceptional costs	564	618

The 2021 exceptional costs of £564,000 in the year ended 31 October 2021 (2020: £618,000) relate to a legal provision and new site acquisition costs.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

8. Auditor's remuneration

	2021	2020
	£'000	£'000
Fees payable to the company's auditor and its associates for the audit of the group's annual accounts	110	96
Fees payable to the group's auditor and its associates in respect of:		
Taxation compliance and advisory services	62	74

9. Employee information

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

	2021	2020
	Number	Number
By activity:		
Administration	177	124
Activity centres and support	627	588
	804	712

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	12,574	11,582
Social security costs	923	850
Pension costs	202	175
	13,699	12,607

The group 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 £202,000 (2020: £175,000). A total of £41,000 (2020: £35,000) was payable to the funds at the year end.

Within the group, 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 2021 by a qualified independent actuary in accordance with the requirements of FRS102. See note 27.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

10. Directors' emoluments

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

	2021	2020
	£'000	£'000
Aggregate directors' emoluments	662	852
	662	852

3 directors (2020: 3) were members of a defined contribution scheme. The highest paid director's total emoluments were £400,000 (2020: £429,000), including contributions to defined contribution pension schemes of £nil (2020: £1,000).

11. Associated undertaking

The profit recognised in respect of the group's investment in joint venture was as follows:

	2021	2020
	£'000	£'000
Share of loss	(120)	(120)
	(120)	(120)

As at 31 October 2021 the group held a 51% investment in Inspiring Learning Summerhill Education Technology (Shanghai) Co., Limited, a joint venture providing day camps in Shanghai.

12. Interest receivable and similar income

	2021	2020
	£'000	£'000
Other interest (note 27)	10	13
	10	13

13. Interest payable and similar expenses

	2021	2020
	£'000	£'000
Senior debt interest	2,330	3,253
Loan note interest	-	1,971
Finance lease interest	935	935
Amortisation of loan note fees	-	15
Bank interest	100	58
Other interest	15	17
	3,380	6,249

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

14. Income tax

a) Tax expense

	2021	2020
	£'000	£'000
Current tax:		
Corporation tax in respect of current periods	26	-
Total current tax	26	-
Deferred tax:		
- Deferred tax in respect of current year	(26)	(4,716)
- Deferred tax in respect of prior periods	-	493
Total deferred tax credit	(26)	(4,223)
Tax on loss	-	(4,223)

(b) 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 2021 of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
Loss before tax	(14,230)	(25,136)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(2,704)	(4,776)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation	138	35
Impact of overseas tax rates	(3)	-
Non-deductible amortisation	779	775
Tax on pre-acquisition profit of In2Action Limited	9	-
Change in tax rate	940	493
Deferred tax asset recognised on brought forward losses	(338)	(750)
Unrecognised losses carried forward	1,179	-
Tax credit for the period	-	(4,223)

(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.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

Deferred tax has been calculated using a tax rate of 25% (2020: 19%).

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

15. Intangible assets

	Trademarks	Customer relationships	Internally generated software	Goodwill	Website development costs	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 November 2020	2,529	29,801	1,504	39,565	26	73,425
Additions	-	-	101	96	-	197
At 31 October 2021	2,529	29,801	1,605	39,661	26	73,622
Accumulated amortisation						
At 1 November 2020	1,003	11,920	1,181	15,919	26	30,049
Charge for period	251	2,980	267	4,098	-	7,596
At 31 October 2021	1,254	14,900	1,448	20,017	26	37,645
Net book amount						
At 31 October 2021	1,275	14,901	157	19,644	-	35,977
At 31 October 2020	1,526	17,881	323	23,646	-	43,376

The Directors have performed an impairment review of the value of Graduation Topco Limited's Goodwill balance as indicators of impairment were present at the balance sheet date. The value of Goodwill was measured using a Value In Use calculation.

The Value In Use model reviewed the present value of the future cash flows expected to be derived from the trading businesses. The VIU assessment was performed using a Weight Average Cost of Capital (WACC) of 10.00% (2020: 10.27%), budgeted EBITDAs for 2022-2024, residual EBITDA based on 2024 with a residual growth rate of 1.8% (2020: 1.8%) and a tax rate of 25% (2020: 19%). The CGU consisted of the assets of all group subsidiary companies. The Net Present Value was in excess of the carrying value of Goodwill, with no impairment then required for the current financial year.

The company has no intangible assets as at 31 October 2021.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

16. Tangible assets

	Leasehold property	Leasehold property improvements	Plant and machinery	Total
Group	£'000	£'000	£'000	£'000
Cost				
At 1 November 2020	26,550	20,586	4,558	51,694
Assets acquired on acquisition	-	-	30	30
Additions	-	1,028	1,269	2,297
Disposals	-	-	(17)	(17)
At 31 October 2021	26,550	21,614	5,840	54,004
Accumulated depreciation				
At 1 November 2020	2,062	7,408	2,970	12,440
Charge for year	531	533	868	1,932
Disposals	-	-	(5)	(5)
At 31 October 2021	2,593	7,941	3,833	14,367
Net book amount				
At 31 October 2021	23,957	13,673	2,007	39,637
At 31 October 2020	24,488	13,178	1,588	39,254

The company has no tangible assets as at 31 October 2021.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

17. Investments

	Group	Company
	£'000	£'000
Cost and net book value as at 1 November 2020	168	54,336
Share of loss from joint venture	(120)	-
Cost and net book value as at 31 October 2021	48	54,336

The Directors have performed an impairment review of the value of Graduation Topco Limited's investment balance as indicators of impairment were present at the balance sheet date. The value of the investment was measured using net assets which when compared to the current investment value showed significant headroom, therefore there was no indication of impairment.

At 31 October 2021 the subsidiaries incorporated in England & Wales and 100% owned were as follows:

Entity name	Principal activity	County of incorporation
Graduation Midco Limited * †	Non trading sub holding company	United Kingdom
Graduation Interco Limited †	Non trading sub holding company	United Kingdom
Graduation Holdco Limited †	Non trading sub holding company	United Kingdom
Graduation Bidco Limited †	Non trading sub holding company	United Kingdom
Inspiring Learning Services Limited †	Non trading sub holding company	United Kingdom
Inspiring Learning (Holdings) Limited †	Non trading sub holding company	United Kingdom
Inspiring Learning Limited †	Non trading sub holding company	United Kingdom
Outdoor Educational (Holdings) Limited	Non trading sub holding company	United Kingdom
Kingswood Educational Group Limited	Non trading sub holding company	United Kingdom
Inspiring Learning Asia Limited †	Non trading sub holding company	United Kingdom
In2Action Limited †	Activity and training provider	United Kingdom
Camp Beaumont Day Care Limited †	Day care camps	United Kingdom
Kingswood Day Camps Limited	Non-trading subsidiary	United Kingdom
Kingswood Learning and Leisure Group Limited	Educational visits	United Kingdom
Britannia Coach Services Limited †	Coach travel supporting educational visits	United Kingdom
Kingswood Colomendy Limited †	Educational visits	United Kingdom
Skern Lodge Limited †	Educational visits	United Kingdom
Kingswood Centre Limited	Dormant	United Kingdom
Kingswood (Isle of Wight) Limited	Dormant	United Kingdom
London Day Camps Limited	Dormant	United Kingdom
CB (Oldco) Limited	Dormant	United Kingdom

The registered address for the listed subsidiaries is 1 Jubilee Street, 2nd Floor, Brighton, BN1 1GE

* Directly held

† These subsidiaries are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary companies under Section 479C of the Act.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

17. Investments (continued)

At 31 October 2021 the subsidiaries incorporated overseas and 100% owned were as follows:

Entity name	Principal activity	County of incorporation
Camp Beaumont Hong Kong Limited	Day care camps	Hong Kong, China

The registered address for the above subsidiary is 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

At 31 October 2021 the joint venture, 51% owned by the group and incorporated in China was as follows:

Entity Name	Principal Activity
Inspiring Learning Summerhill Education Technology (Shanghai) Co., Limited	Day Care Camps

The registered address for the above company is 5th Floor, No. 310, Jingao Road, Pudong, China. The directors consider the value of the investments to be supported by their underlying assets and cashflows.

18. Inventories

	2021	2020
Group	£'000	£'000
Goods for resale	134	20

The replacement cost of inventories does not differ materially from the values disclosed above. Stock of £95,000 (2020: £38,000) was charged to the profit and loss account in the period including write offs in the period of £nil (2020: £116,000).

The company does not hold any inventories as at 31 October 2021.

19. Debtors

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Trade debtors	5,057	-	821	-
Amounts owed by parent company (note 34)	2,461	501	2,399	454
Amounts owed by group undertakings (note 34)	-	360	-	360
Other debtors	473	-	464	27
Other taxation and social security costs	-	-	127	-
Prepayments	1,221	-	733	-
	9,212	861	4,544	841

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

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

20. Creditors: amounts falling due within one year

	Group 2021	Company 2021	Group 2020	Company 2020
	£'000	£'000	£'000	£'000
Trade Creditors	3,605	-	4,612	-
Corporation tax	47	-	-	-
Amounts due under finance lease (note 23)	3	-	2	-
Amounts owed to group undertakings (note 34)	-	550	-	484
Other creditors	1,298	-	214	-
Taxation and social security	1,441	-	972	-
Accruals and deferred income	10,155	-	6,462	-
	16,549	550	12,262	484

Amounts owed to group undertakings are repayable on demand.

21. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts due under finance lease (note 23)	26,534	26,536
Bank loans (note 24)	26,024	21,456
	52,558	47,992

The company does not have any creditors falling after more than one year as at 31 October 2021.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

22. Financial instruments

	2021	2020
Group	£'000	£'000
Financial assets measured at amortised cost:		
Trade debtors	5,057	821
Other debtors	473	464
	5,530	1,285
Financial liabilities measured at amortised cost:		
Bank loans	(26,024)	(21,456)
Trade creditors	(3,605)	(4,612)
Other creditors	(1,298)	(214)
Amounts due under finance leases	(26,537)	(26,538)
Accruals	(2,814)	(2,775)
	(60,278)	(55,595)

Trade and other debtors / creditors

Amounts relate to trading balances and are payable according to standard business terms, are unsecured and interest free.

Amounts owed by/to group undertakings

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

Amounts due under finance leases

Of the above amounts £24,988,000 relate to amounts due under the sales and finance leaseback transaction entered into in the year ended 31 October 2016. The term of the lease is 175 years and the interest rate implicit in the arrangement is 3.57% per annum. A second sale and leaseback transaction of £1,549,000 was entered into in 2018. The term of the lease is 175 years and the interest rate implicit in the arrangement is 3.51% per annum.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

23. Amounts due under finance leases

	2021	2020
Group	£'000	£'000
Amounts due under finance leases	26,537	26,538

Future minimum payments under finance leases are as follows:

Group	2021	2020
	£'000	£'000
Within one year	3	2
Between two and five years	12	12
Over five years	26,522	26,524
Total gross payments	26,537	26,538

Of the above amounts £24,988,000 relate to amounts due under the sales and finance leaseback transaction entered into in the year ended 31 October 2016. The term of the lease is 175 years and the interest rate implicit in the arrangement is 3.57% per annum. A second sale and leaseback transaction of £1,549,000 was entered into in 2018. The term of the lease is 175 years and the interest rate implicit in the arrangement is 3.51% per annum.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

24. Loans and other borrowings

Group	2021 £'000	2020 £'000
Bank loans	18,500	16,500
Accumulated interest on bank loans	2,568	-
Revolving credit facility	4,956	4,956
Total loans and other borrowings	26,024	21,456

Bank loans amounting to £18,500,000 (2020: £16,500,000) are repayable in October 2024 (2020: October 2024). Loan value of £15,000,000 accrues PIK interest of 11% up to October 2021, and cash interest at LIBOR+ 8% after October 2021 and is secured on the assets of the group. Loan value of £3,500,000 accrues PIK interest of 9% up to October 2021, and cash interest at LIBOR+ 7.5% after October 2021 and is secured on the assets of the group. The increase of £2,000,000 from prior year relates to an additional £2,000,000 balance being drawn down from existing available facilities.

During the period £1,947,000 (2020: £2,946,000) of bank interest was charged to P&L at a rate of 10.6%.

A revolving credit facility amounting to £4,956,000 (2020: £4,956,000) was drawn down as at 31 October 2021 and is repayable in October 2023. The facility carries interest at LIBOR+ 4% on drawn down balances up to 31 October 2022 and LIBOR + 3% on drawn down balances after 31 October 2022 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 4.1% resulting in a charge in the period of £204,000 (2020: £182,000).

During the year, the interest changed from LIBOR to SONIA, this is not treated as a loan modification.

Undrawn facilities

The company also has access to undrawn facilities amounting to £3,500,000, however this was not drawn down as at 31 October 2021. The facility carries interest at LIBOR+ 8% on drawn down balances and a commitment fee of 2.80% 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 2.8% resulting in a charge in the period of £103,000 (2020: £125,000).

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

25. Deferred taxation

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

	31 October 2021	31 October 2020
Group	£'000	£'000
Deferred tax liability relating to intangible assets	(4,039)	(3,733)
Deferred tax asset relating to pension liability	71	62
Other deferred tax liabilities	(498)	(326)
Deferred tax asset relating to trading losses	4,466	3,997
Total deferred tax asset/(liability)	-	-

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

Group	£'000
At 1 November 2020	-
Charged to the profit and loss account in the year (note 14)	(26)
Charged to OCI in the year	26
At 31 October 2021	-

The group has an unrecognised deferred tax asset of £2,713,000 (2020: £1,072,000) relating to trading losses.

The amount of net reversal of deferred tax expected to occur next year is £nil (2020: £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 25% (2020: 19%).

The company has no deferred tax asset as at 31 October 2021.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

26. Provision for liabilities

Group	Deferred tax (note 25) £'000	Onerous lease £'000	Other Provisions £'000	Total £'000
At 1 November 2020	-	238	2,658	2,896
Utilised in the year	-	(61)	(286)	(347)
Released in the year	-	-	(356)	(356)
Origination and reversal of timing differences	-	-	-	-
Charged to the profit & loss	(26)	-	29	3
Charged to OCI	26	-	-	26
Created in the year	-	-	275	275
At 31 October 2021	-	177	2,320	2,497

Onerous lease

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

Other Provisions

The majority of other provisions relate to vouchers issued to customers following Covid-19 cancellations. Other provisions also includes a provision for an insurance claim that was created during the year.

The company has no provisions as at 31 October 2021.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

27. 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 2021 by a qualified independent actuary in accordance with the requirements of FRS102.

The main assumptions used by the actuary were:

	2021	2020
	%	%
Rate of increase in salaries	4.40	3.90
Rate of increase of pensions in payment	3.00	2.50
Discount rate	1.80	1.60
Inflation rate (CPI)	2.90	2.40

The mortality assumptions used were as follows:

	2021	2020
	Years	Years
Life expectancies for individuals currently aged 65:		
- Men	21.0	20.9
- Women	24.1	24.0
Life expectancies from age 65 for individuals currently aged 45:		
- Men	22.6	22.5
- Women	26.0	25.9

The assets in the scheme and the deficit were:

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

27. Pension commitments (continued)

	Value 2021 £'000	Value 2020 £'000
Equities	383	303
Government bonds	10	16
Other bonds	88	90
Property	71	58
Cash	13	26
Others	180	136
Total market value of assets	745	629
Present value of scheme liabilities	(970)	(955)
Deficit in the scheme	(225)	(326)

Reconciliation of present value of scheme liabilities:	2021	2020
	£'000	£'000
Present value of scheme liabilities at the beginning of the year	953	916
Current service cost	13	13
Interest cost	15	17
Member contributions	2	2
Past service cost	-	7
Benefits/transfers paid	(28)	(28)
Actuarial (gains)/losses on liabilities	15	28
Present value of scheme liabilities at the end of the year	970	955

Reconciliation of fair value of scheme assets:	2021	2020
	£'000	£'000
Fair value of scheme assets at the beginning of the year	629	705
Expected return on plan assets	10	13
Actual return less expected return on assets	120	(77)
Employer contributions	12	14
Member contributions	2	2
Benefits/transfers paid	(28)	(28)
Fair value of scheme assets at the end of the year	745	629

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

27. Pension commitments (continued)

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

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.

Analysis of the amount charged to operating loss:

	2021 £'000	2020 £'000
Current service cost	13	13
Total operating charge	13	13

Analysis of the amount charged to other finance expenses:

	2021 £'000	2020 £'000
Expected return on pension scheme assets	10	13
Interest on pension scheme liabilities	(15)	(17)
Total finance cost	(5)	(4)

Analysis of the amount recognised in statement of comprehensive income:

	2021 £'000	2020 £'000
Actuarial gain/(loss) on liabilities	(15)	(28)
Actuarial gain/(loss) on assets	120	(77)
Actuarial gain/(loss)	105	(105)

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

28. Operating lease commitments

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

	Land and buildings	Other	Total	Land and buildings	Other	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Not later than one year	476	24	500	626	70	696
Later than one year and not later than five years	1,335	7	1,342	1,526	30	1,556
Later than five years	4,016	-	4,016	4,262	-	4,262
	5,827	31	5,858	6,414	100	6,514

Operating leases relate to land and buildings and car leases. During the year £645,000 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £832,000).

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

29. Called up share capital

	2021 £'000	2020 £'000
Authorised		
1 Ordinary shares of £1 each	-	-
299,990 A1 Ordinary shares of £0.10 each	30	30
100,000 A2 Ordinary shares of £0.10 each	10	10
20,000 B1 Ordinary shares of £1 each	20	20
71,561 B2 Ordinary shares of £0.10 each	7	7
19,689,752 Priority shares of £0.0001 each	2	2
18,458,248 B Deferred shares of £0.0001 each	2	2
	71	71
Allotted and fully paid:		
1 Ordinary shares of £1 each	-	-
299,990 A1 Ordinary shares of £0.10 each	30	30
100,000 A2 Ordinary shares of £0.10 each	10	10
20,000 B1 Ordinary shares of £1 each	20	20
71,561 B2 Ordinary shares of £0.10 each	7	7
19,689,752 Priority shares of £0.0001 each	2	2
18,458,248 B Deferred shares of £0.0001 each	2	2
	71	71

100% of shares are owned by Swift Newco Limited, who have 100% of the voting and distribution rights.

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

30. Capital contribution reserve

	2021
	£'000
Balance as at 31st October 2020	58,647
Capital Contribution in the period	-
Balance as at 31st October 2021	58,647

In July 2020 the bank loans payable by the Company were restructured. As part of the transaction, the lenders acquired the Group and waived £33,176,000 of the senior debt and £2,494,000 accrued interest. The previous shareholders waived £16,244,000 loan notes and £2,874,000 loan note interest that was payable at that time. The waiver has been treated as a capital contribution by the loan note holders in the Company.

31. Notes to the cash flow statement

Reconciliation of operating loss to cash generated by operations:

	2021	2020
	£'000	£'000
Loss for the financial period	(14,230)	(20,913)
Adjustments for:		
Tax on loss	-	(4,223)
Net interest expense	3,370	6,236
Loss from interests in joint venture	120	120
Operating loss	(10,740)	(18,780)
Depreciation	1,932	2,096
Amortisation	7,596	7,909
Loss on disposal	12	-
Interest accrued but not paid	-	(5,931)
Waiver of loan interest	-	4,479
Net movement in working capital	(932)	3,162
Increase in provisions	(400)	(1,512)
Net cash used in operations	(2,532)	(8,577)

Graduation Topco Limited

Notes to the financial statements for the year ended 31 October 2021 (continued)

32. Contingent liabilities

The company is a guarantor, alongside other group subsidiaries, of the Graduation Topco Limited group bank facilities. The liabilities concerned amounted to £23,456,000 at 31 October 2021.

There were no other material contingent liabilities at 31 October 2021.

33. Ultimate controlling party

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

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

34. Related party transactions

Transactions with key management personnel

Total compensation of the directors in the year amounted to £662,000 (2020: £852,000).

As at 31 October 2021 Graduation Topco Limited had the following aggregate related party balances with subsidiaries of the Ultimate parent.

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Amounts owed by parent company	2,461	501	2,399	454
Amounts owed by group undertakings	-	360	-	360
Amounts owed by related parties	2,461	861	2,399	814
Amounts owed to group undertakings	-	(550)	-	(484)
Amount owed to related parties	-	(550)	-	(484)

35. Acquisition of subsidiary

The group completed the acquisition of In2Action Limited on 21 May 2021. 100% of share capital was acquired by Inspiring Learning (Holdings) Limited, a wholly owned subsidiary of Graduation Topco Limited. The consideration for the acquisition constituted an excess cash payment of £637,200, deferred payments of £150,000 and an earn-out payment of up to £150,000. Post acquisition revenue was £578,000 and post acquisition profit was £35,000. Goodwill of £96,000 with a useful expected life of ten years was recognised on acquisition.