

Inspiring Learning Group Limited

*Formerly Inspiring Learning (Newco) Limited and EATG
(Newco) Limited*

Annual report and financial statements

for the 14 month period ended 31 October 2014

Registered number: 08677749

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Inspiring Learning Group Limited

Annual report and financial statements for the 14 month period ended 31 October 2014

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Inspiring Learning Group Limited

Directors and advisers

Directors

C Taylor
J Bentley
M Hofert
N Goodwin
M Robinson
E Vimont

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 St James Court
Whitefriars
Norwich
NR3 1RJ

Bankers

National Westminster Bank plc
208 Piccadilly
London
W1A 2DG

Solicitors

DLA Piper
3 Noble Street
London
EC2V 7EE

Registered office

Kingswood Centre
Grosvenor Hall
Kennington
Ashford
TN25 4AJ

Inspiring Learning Group Limited

Chairman's statement for the 14 month period ended 31 October 2014

The period to 31 October 2014 has seen continued and successful change for our business and I am very pleased with the developments and the opportunities.

At Inspiring Learning, we believe curriculum enrichment is an essential part of a child's education and that well designed experiences outside the classroom can increase engagement and attainment inside the classroom. We have therefore continued to ensure that the business focuses upon the delivery of educationally rich experiences through the availability of memorable and inspiring activities delivered by our highly-trained teams. As a result we are now one of the market leaders in education delivery.

Products

Following discussions with our customers and business partners, we have decided to focus upon 3 main brands: Inspiring Learning, Kingswood and Equity. Additionally following significant investment in people, capital projects and product development, steps have been taken to expand and differentiate the business adding adjacent products and customers within our 5 core product offerings.

Kingswood Educational Activity Centres - there are 10 centres 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.

Kingswood and Camp Beaumont Day Camps - in our discussions with parents we have been reminded of the importance of Day Camps for all ages and we are investing in improving the quality of this product.

Kingswood Academies – following the acquisition of the Sport Academies Limited business in December 2013, we are expanding and developing our Day Camps product at non-Kingswood centres with plans to add additional sites in the forthcoming period.

Equity Tours - we organise worldwide educational tours, linked to learning outcomes.

Equity Ski - travel and overseas experiences continue to be a rich source of learning for school children and we are committed to developing our product offering in this market.

Partnerships

Forming alliances with knowledgeable and respected parties is an excellent way to enhance our products. As a result Inspiring Learning now works with many renowned bodies and individuals including the Duke of Edinburgh's Award scheme, Chemmy Allcott as Equity Ski Ambassador, Discovery Channel and the Institute of Education. The partnership with the Institute of Education has been recognised with the award for the Best Educational Product (2014) for our World War I programme.

Management team

During the period, we have continued to strengthen the management team in order to ensure we are well-placed to continue the turnaround process. The executive management team is:-

Chief Executive Officer - John Bentley
Chief Financial Officer - Nicholas Goodwin
Director of Sales - Jerry Goldberg
Director of Marketing - David Campbell
Director of Operations - Jason Andrews
Director of HR - Neal Young

In addition, we continue to invest in and develop the broader management team and have introduced succession and development plans in the period under review.

Inspiring Learning Group Limited

Chairman's statement for the 14 month period ended 31 October 2014 (continued)

Colleagues

The successful completion of the turnaround of our business is dependent upon our colleagues. Across the business our teams strive with passion to ensure our customers and partners are thrilled and satisfied by their experiences with us and that we are able to inspire young people's lives through learning.

We remain committed to investing in our people.

Purpose & Values

We have continued to focus on our core values in order to ensure they are embedded throughout all parts of the operation.

In summary, these are:-

Purpose

To enhance the lives of young people through experiences that inspire.

Values

WE ARE SPECIALISTS

Using our knowledge and experience to support our customers, adding value every step of the way. More than 250,000 children per annum benefit from the Inspiring Learning experience.

WE THINK DIFFERENTLY

Designing and delivering innovative learning experiences.

WE DEVELOP

Always working with partners and colleagues to further the potential of young people.

I am very excited by the changes made in the period under review and the opportunities going forward. We remain committed to our goal of empowering students of all ages to develop an active interest in their education, connecting with peers and teachers, while learning about other cultures and discovering new places

Martin Robinson
Chairman

Inspiring Learning Group Limited

Chief Executive's report for the 14 month period ended 31 October 2014

Refinancing

During the 14 months to 31 October 2014 Inspiring Learning Group Limited purchased Inspiring Learning Services Limited and EATG Development Co. Limited for £0.4m on 17 October 2013. Immediately after the transaction, Inspiring Learning Services Limited successfully concluded discussions with its incumbent senior lenders and shareholders. This refinancing resulted in a restructure of the senior debt and the injection of £12m of new equity funding. These funds will be used to fund capital investment in the Kingswood Centres and our French club hotels, alongside new product development. In addition, we are in the process of restructuring and simplifying our commercial and administration functions.

The senior debt at 31 October 2014 is £32.6m comprising senior bank debt of £31.1m, and a bonding line of £1.5m. In addition there is an available and utilised Revolving Credit Facility of £7m.

Results

Reference to like for like increases/decreases are calculated by reference to the turnover for the 12 months to 31 October 2014 compared to the 12 months to 31 October 2013 for Inspiring Learning Services Limited.

During the year to 31 October 2014, turnover was £72.9m, up 2.1% on a like-for-like basis compared to the prior period.

The Kingswood educational activity centre turnover (excluding day camps) was £26.0m up 6% on a like-for-like basis compared to the prior period driven by the focus upon new products, investment in facilities and improved customer service at all of our centres. The schools customer repeat rate is 77%.

The Equity Tours turnover was £20.6m and as planned, has fallen by 3% on a like-for-like basis compared to the prior period. This is due to a focus on core products and a reduction in loss-making products.

The Equity Ski business turnover was £23.4m, up 1% on a like-for-like basis compared to the prior period.

The Day Camps business turnover was £2.9m up 28% compared to the previous period reflecting in part the acquisition of Sport Academies Limited. It has increased by 7% on a like for like basis

The reported operating loss of £22.7m is after reflecting; exceptional costs of £4.6m relating to the restructure and turnaround of the business following the successful refinancing in October 2013. The costs include restructure and reorganisation of the management team, rebranding, commercial and operational restructure and additional refinancing costs. These costs are one-off and the restructure is now complete; an exceptional charge of £79.3m in respect of the impairment of Goodwill arising on the acquisition of Inspiring Learning Services Limited; a £12.2m extinguishment of bank loans and an exceptional credit of £49.8m arising on the waiver of balances due to a related party.

The operating loss, pre-exceptional amounted to £0.9m.

Capital expenditure

Capital expenditure on tangible assets and one-off site investment was £5.6m in the 12 months to 31 October 2014. This followed a number of periods of underinvestment and was identified as crucial at the time of refinancing in October 2013. This investment is required to deliver the new product development and the customer service which ensures the high customer repeat rate.

Acquisition of Kingswood Camps Limited

During the period, the company acquired Kingswood Camps Limited. This provides the business with a platform to grow in the Day Camps market. In addition, a number of other opportunities were explored but not proceeded with. One-off aborted acquisition costs amounted to £0.1m.

Inspiring Learning Group Limited

Chief Executive's report for the 14 month period ended 31 October 2014 (continued)

Operating performance

Following the recruitment and reorganisation of the operations team, we have accentuated the focus upon delivery of a great experience to all of our customers. We have introduced additional customer feedback processes, upgraded the accommodation, invested in activity equipment and invested in our staff.

Future business developments

The prime driver for the business going forward is the introduction of new, innovative and educationally rich products, supported by additional capacity at the Kingswood centres. Since the balance sheet date, we have introduced Adventure Lodges at our International centres. These are tented accommodations providing an additional 400 temporary beds during the peak summer months. At the same time, we have invested in our Equity Ski product with a number of enhancements to our Equity Clubs.

In terms of products, we continue to refine our English language tuition product and our National Citizenship Service ("NCS") product and have introduced a range of new sports products. Kingswood is now the largest single provider of residential NCS programmes.

At the same time, we continue to look to extend our international footprint and establish a number of new overseas markets, both inbound and outbound. These include China and the United Arab Emirates.

Advisory Board

In order to support the development of the business and ensure that we are aware of educational developments, we have set up an Advisory Board. This is a non-statutory body, chaired by me and comprised of education specialists. This is designed to lead innovation and best practice and provide access to expertise, experience and facilitate continuous improvement in our service.

John Bentley
Chief Executive

Inspiring Learning Group Limited

Strategic report for the 14 month period ended 31 October 2014

The directors present their strategic report for Inspiring Learning Group Limited for the period ended 31 October 2014.

Business review

The principal activity of the group is the provision of inspiring learning experiences through:-

Kingswood Educational Activity Centres - providing curriculum based activities for UK schools and tailored language based activities for International students.

Equity Tours - organising worldwide educational tours, linked to learning outcomes.

Equity Ski - providing ski experiences for schoolchildren of all ages. Travel and overseas experiences continue to be a rich source of learning for schoolchildren and we are committed to developing our product offering in this market.

Kingswood Day Camps, Kingswood Academies and Camp Beaumont Day Camps – organising Day Camps, with childcare for all ages on both Kingswood Centres and third party premises.

In addition to sites in the UK the group also operates branches in France. The company acts as a holding company. The performance of the group during the period and the period end financial position are considered satisfactory by the directors and are discussed in the Chairman's Statement and Chief Executive's Report. The directors do not anticipate any material changes in the group's activities in the ensuing period.

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.

Inspiring Learning Group Limited

Strategic report for the 14 month period ended 31 October 2014 (continued)


Key performance indicators

The key performance indicators for the business are turnover, operating profit, capital expenditure and net debt.

	Period ended 31 Oct 2014 £'m
Turnover	76.8
Operating loss	(22.7)
Capital expenditure (tangible and intangible assets excluding goodwill arising on acquisition)	6.2
Net debt	33.2

For commentary on the trading performance of the group refer to the Chief Executive's report.

On behalf of the board


Nicholas Goodwin
Director
25 February 2016

Inspiring Learning Group Limited

Directors' report for the 14 month period ended 31 October 2014

The directors present their report and the audited consolidated financial statements for the period ended 31 October 2014.

Incorporation

The company was incorporated on 5 September 2013. The financial statements have been prepared for the period from 5 September 2013 to 31 October 2014. The name of the company was changed from EATG (Newco) Limited to Inspiring Learning (Newco) Limited on 10 January 2014. On 19 February 2015 the name was changed from Inspiring Learning (Newco) Limited to Inspiring Learning Group Limited.

Results and dividends

The loss for the period amounted to £24,377,000 after net exceptional costs of £4,590,000, impairment of goodwill of £79,256,000 and exceptional income of £62,034,000. The directors have not recommended a dividend.

Going concern

The group has net liabilities of £4.6m and net current liabilities of £25.5m. Net assets include amounts due to related parties of £2.7m which are unsecured, interest free and have no fixed repayment date.

The directors have prepared the financial statements for the company and the group on the going concern basis. The directors have considered the group's detailed budget and forecast up to 30 April 2017 and the trading performance to the date of signing these financial statements. The directors have performed analyses to assess the impact on the projections of reductions in revenues, increased costs and amendments to the available facilities, incorporating where necessary the deferral of discretionary spend such as capital expenditure. On this basis the directors believe that the group will be able to operate within the terms of its loan agreements.

Having taken into account the operating risks and uncertainties, reviewed the trading and cash flow forecasts, and reflected on the facilities available the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Financial risk management

The group's operations expose it to a variety of financial risks that include foreign exchange risk, liquidity risk and credit risk. Given the size of the 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 company's finance department.

Liquidity risk

The group has access to cash balances and unutilized bank facilities sufficient to allow it to settle its debts 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.

Exchange risk

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

Inspiring Learning Group Limited

Directors' report for the 14 month period ended 31 October 2014 (continued)

Employee involvement

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

Employment of disabled persons

The 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 period and up to the date of signing the financial statements, were as follows:

C Taylor
J Bentley
M Hofert
M Robinson
N Goodwin
E Vimont (appointed 31/10/13)
L Chan (resigned 31/10/13)

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 period 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

The directors are responsible for preparing the Chairman's report, Chief Executive's report, strategic report, 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 period. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

Inspiring Learning Group Limited

Directors' report for the 14 month period ended 31 October 2014 (continued)

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Statement of disclosure of information to auditors

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

Independent auditors

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

On behalf of the board



Nicholas Goodwin
Director
21 February 2016

Inspiring Learning Group Limited

Independent auditors' report to the members of Inspiring Learning Group Limited

Report on the financial statements

Our opinion

In our opinion, Inspiring Learning Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 October 2014 and of the group's loss and cash flows for the 14 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the consolidated and company balance sheets as at 31 October 2014;
- the consolidated profit and loss account and the consolidated statement of total recognised gains and losses for the period then ended;
- the consolidated cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Inspiring Learning Group Limited

Independent auditors' report to the members of Inspiring Learning Group Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 11 and 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

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

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

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



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

25 February 2016

Inspiring Learning Group Limited

Consolidated profit and loss account for the 14 month period ended 31 October 2014

		14 months ended 31 October 2014
	Note	£'000
Turnover	2	76,780
Cost of sales		(51,480)
Gross profit		25,300
Exceptional administrative expenses	3	(83,846)
Other administrative expenses		(27,044)
Total administrative expenses		(110,890)
Exceptional income	3	62,034
Other operating income		888
Total other operating income		62,922
Operating loss	3	(22,668)
Interest receivable and similar income	6	4
Interest payable and similar charges	7	(2,512)
Loss on ordinary activities before taxation		(25,176)
Tax on profit on ordinary activities	8	799
Loss for the financial period	25, 26	(24,377)

The results for the current period relate entirely to continuing operations commenced during the period under review.

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents.

Inspiring Learning Group Limited

Consolidated statement of total recognised gains and losses for the 14 month period ended 31 October 2014

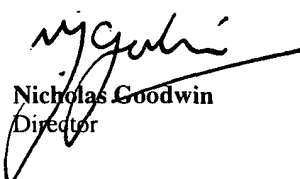
		14 months ended 31 October 2014
	Note	£'000
Loss for the period		(24,377)
Actuarial loss relating to the defined benefit pension scheme	19	(19)
Deferred tax credit attributable to actuarial loss	20	3
Exchange differences		45
Total recognised losses relating to the period		(24,348)

Inspiring Learning Group Limited

Consolidated balance sheet as at 31 October 2014

	Note	31 October 2014 £'000
Fixed assets		
Intangible assets	10	6,900
Tangible assets	11	46,491
		53,391
Current assets		
Stocks	13	214
Debtors	14	7,819
Cash at bank and in hand		7,693
		15,726
Creditors: amounts falling due within one year	15	(41,182)
Net current liabilities		(25,456)
Total assets less current liabilities		27,935
Creditors: amounts falling due after more than one year	17	(31,141)
Provisions for liabilities – deferred taxation	20	(232)
Provisions for liabilities – other provisions	21	(1,069)
Net liabilities excluding pension liability		(4,507)
Defined benefit pension scheme liability	19	(141)
Net assets including pension liability		(4,648)
Capital and reserves		
Called up share capital	23	365
Share premium account	24	19,335
Profit and loss account	25	(24,348)
Total shareholders' deficit	26	(4,648)

The financial statements on pages 15 to 46 were approved by the board of directors on 25 February 2016 and were signed on its behalf by:


 Nicholas Goodwin
 Director

Inspiring Learning Group Limited

Company balance sheet as at 31 October 2014

	Note	31 October 2014 £'000
Fixed assets		
Investments	12	32,862
Creditors: amounts falling due within one year	15	(692)
Net current liabilities		(692)
Total assets less current liabilities		32,170
Net assets		32,170
Capital and reserves		
Called up share capital	23	365
Share premium account	24	19,335
Profit and loss account	25	12,470
Total shareholders' deficit	26	32,170

The financial statements on pages 15 to 46 were approved by the board of directors on 25 February 2016 and were signed on its behalf by:


Nicholas Goodwin
Director

Inspiring Learning Group Limited

Consolidated cash flow statement for the 14 month period ended 31 October 2014

		14 months ended 31 October 2014 £'000
	Note	
Net cash inflow from operating activities	27	21,063
Returns on investments and servicing of finance		
Interest paid		(1,631)
Interest received		2
Net cash outflow from returns on investments and servicing of finance		(1,629)
Taxation		(50)
Capital expenditure		
Payments to acquire tangible and intangible fixed assets		(6,042)
Acquisition of subsidiaries (net of overdrafts acquired)		(7,752)
Net cash outflow from capital expenditure		(13,794)
Cash inflow before financing		5,590
Financing		
Shares issued		7,498
Decrease in borrowings		(15,082)
Net cash outflow from financing		(7,584)
Decrease in cash	28	(1,994)

In addition to the amounts disclosed above, non-cash changes comprise the issues of shares, consideration for which was the extinguishment of bank loans (£12,202,000), the amortisation of debt costs (£594,000), new finance leases (£112,000), and the roll up of interest on the term loans (£315,000).

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These policies have been consistently applied unless otherwise stated.

Going concern

The group has net liabilities of £4.6m and net current liabilities of £25.5m. Net assets include amounts due to related parties of £2.7m which are unsecured, interest free and have no fixed repayment date.

The directors have prepared the financial statements for the company and the group on the going concern basis. The directors have considered the group's detailed budget and forecast up to 30 April 2017 and the trading performance to the date of signing these financial statements. The directors have performed analyses to assess the impact on the projections of reductions in revenues, increased costs and amendments to the available facilities, incorporating where necessary the deferral of discretionary spend such as capital expenditure. On this basis the directors believe that the group will be able to operate within the terms of its loan agreements.

Having taken into account the operating risks and uncertainties, reviewed the trading and cash flow forecasts, and reflected on the facilities available the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Inspired Learning Group Limited and its subsidiary undertakings for the period ended 31 October 2014. All subsidiary undertakings have coterminous period ends. As a group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Related party transactions

The company has taken advantage of the exemption in FRS8, "Related Party Disclosures", from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the company.

Turnover

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

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

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

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

1. Accounting policies (continued)

Depreciation

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

Freehold buildings	-	50 years straight line
Leasehold property improvements	-	lease period straight line
Plant and machinery	-	3 - 10 years straight line
Website development costs	-	4 years straight line

No depreciation is provided on freehold land.

Investments

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

Intangible assets

Assets in the course of construction- software

Assets in the course of construction (software) are not amortised until they are brought into operational use.

Goodwill

Goodwill arising on consolidation and purchased goodwill, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life of 20 periods.

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 profit and loss account for the amount by which the assets' 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 post-tax discount rate of 12%, based upon the Group's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the Group.

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 had been recognised.

Stocks

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

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

1. Accounting policies (continued)

Lease agreements

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.

Deferred issue costs

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

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance. Transactions which may give rise to exceptional costs are principally financial restructuring costs, group re-organisation costs and costs in respect of rebranding.

Defined contribution pension scheme

The group makes payment 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. The annual contributions payable are charged to the group profit and loss account in the period to which they relate.

Defined benefit pension scheme

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

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.

Provisions

Provisions are made for liabilities and charges when there is a legal or constructive obligation arising from a past event.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

1. Accounting policies (continued)

Deferred taxation

Provision is made for deferred taxation, using the full provision accounting method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future, in accordance with FRS 19, "Deferred tax". Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Foreign currencies

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.

Exchange differences arising from the retranslation of the opening net assets of branches which have currencies of operation other than sterling are taken to reserves together with the differences arising from the retranslation of the profit and loss account at period end as compared to average exchange rates.

Brochure costs

Third party costs incurred in the production of the group's brochures are charged to the profit and loss account in the season to which they relate. Where external costs are incurred relating to future seasons they are carried forward within prepayments and charged to the profit and loss account in the future period in which the related income will be receivable in so far as the directors are satisfied that future revenue will exceed the costs so deferred.

2. Turnover

The turnover and profit on ordinary activities before tax are attributable to the principal activities of the group. The group operates through two primary business units Kingswood and Equity, the segmented turnover being as follows:

	14 months ended 31 October 2014 £'000
Kingswood (Education Activity Centres, Academies and Day Camps)	30,100
Equity (Tours and Ski)	46,680
	76,780

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

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

3. Operating loss

14 months ended
31 October 2014
£'000

Operating loss is stated after charging/(crediting):

Depreciation of tangible fixed assets:

- owned fixed assets	4,336
- under finance leases	60
Loss on foreign exchange	53
Exceptional costs	4,590
Impairment of goodwill	79,256
Exceptional income	(62,034)
Amortisation of intangible assets	4,697
Loss on disposal of fixed assets	686
Auditors' remuneration – company audit fees	12
Auditors' remuneration – subsidiaries audit fees	163
Auditors' remuneration – Covenant compliance	7
Auditors' remuneration – regulatory reporting	10
Auditors' remuneration – taxation compliance	156
Auditors' remuneration – taxation advisory	26
Operating lease costs - Land and buildings	2,623

The exceptional costs of £4.6m are planned one-off costs incurred following the appointment of a new board of directors and the refinancing in October 2013. They relate to the management restructure (£0.8m), corporate restructure (£0.2m), items identified relating to prior periods (£1.5m), expensed refinancing costs (£0.6m), an onerous lease (£0.6m) and rebranding (£0.9m).

The management restructure costs include redundancy and recruitment costs associated with the establishment of the new senior management team and their direct reports and the relocation of offices.

The corporate restructure costs relate to the reorganisation of the legal entity structure.

The expensed refinancing costs relate to advisory fees incurred in the period subsequent to the refinancing that took place during 2013 that do not fall to be treated as debt issue costs.

The onerous lease costs relates to the future lease costs of the unused element of the Kingswood Norwich head office.

The rebranding costs relate to the change from 9 brands to 3 with the associated design and rebranding works undertaken at the Kingswood Centres, Equity Clubs and all customer communication materials.

A £79.3m impairment charge in respect of goodwill arising on the acquisition of Inspiring Learning Services Limited has been charged to the profit and loss account.

Exceptional income is made up of the waiver of a related party payable (£49.8m) and the write off of debt (£12.2m).

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

4. Directors' emoluments

The directors' aggregate emoluments were:

	14 months ended 31 October 2014 £'000
Aggregate emoluments	610
	610

Emoluments payable to the highest paid director are as follows:

	£'000
Aggregate emoluments	250

5. Employee information

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

	14 months ended 31 October 2014 Number
By activity:	
Administration	309
Sales and other	770
	1,079

The aggregate payroll costs of these persons were as follows:

	£'000
Wages and salaries	14,897
Social security costs	1,032
Other pension costs	133
	16,062

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

6. Interest receivable and similar income

	14 months ended 31 October 2014 £'000
Other finance income	4

7. Interest payable and similar charges

	14 months ended 31 October 2014 £'000
Bank interest	1,903
Debt costs amortisation	594
Other interest	15
	2,512

8. Tax on profit on ordinary activities

(a) Analysis of tax credit in the period

	14 months ended 31 October 2014 £'000
Current tax	
UK corporation tax	(800)
Tax charge on overseas operations	50
Total current tax (note 8b)	(750)
Deferred tax	
Origination and reversal of timing differences	(49)
Total deferred tax	(49)
Tax credit on profit on ordinary activities	(799)

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

8. Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax credit in the period

The current tax assessed for the period differs to the standard rate of corporation tax in the UK of 21.8%. The differences are explained below:

	£'000
Loss on ordinary activities before taxation	(25,176)
Loss on ordinary activities multiplied by rate of tax at 21.8%	(5,488)
Effects of:	
Permanent differences	(2,042)
Impairment of goodwill	17,278
Depreciation in excess of capital allowances	447
Losses not utilised	661
Intercompany write off	(10,856)
Provision release	(800)
Tax charge on overseas operations	50
Current tax credit for the period (note 8a)	(750)

9. Company profit

The parent company has taken advantage of Section 408 of the Companies Act 2006 and not included its own profit and loss account in the financial statements. The profit dealt with in the financial statements of the parent company was £12,470,000.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

10. Intangible assets

	Assets in the course of construction (software)	Goodwill	Total
Group	£'000	£'000	£'000
Cost			
Arising on acquisition of Inspiring Learning Services Limited and EATG Development Co. Limited	-	89,705	89,705
Arising on acquisition of Kingswood Day Camps Limited	-	596	596
Other additions	552	-	552
At 31 October 2014	552	90,301	90,853
Accumulated amortisation			
Charge for period	-	4,697	4,697
Impairment	-	79,256	79,256
At 31 October 2014	-	83,953	83,953
Net book amount			
At 31 October 2014	552	6,348	6,900

The company has no intangible assets.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

11. Tangible assets

	Freehold property	Leasehold property improvements	Plant and machinery	Website development costs	Total
Group	£'000	£'000	£'000	£'000	£'000
Cost					
Fair value of assets on acquisition	33,928	7,518	4,450	57	45,953
Additions	1,927	869	2,838	-	5,634
Disposals	(493)	(412)	(578)	-	(1,483)
Exchange differences	-	-	(87)	-	(87)
At 31 October 2014	35,362	7,975	6,623	57	50,017
Accumulated depreciation					
Charge for period	1,431	810	2,150	5	4,396
Disposals	(128)	(170)	(499)	-	(797)
Exchange differences	-	-	(73)	-	(73)
At 31 October 2014	1,303	640	1,578	5	3,526
Net book amount					
At 31 October 2014	34,059	7,335	5,045	52	46,491

Included within the net book amount of freehold property is £5,351,000 attributable to the value of land which is not depreciated.

The net book amount of tangible fixed assets includes an amount of £112,000 in respect of plant and machinery assets held under finance leases.

The company has no tangible assets.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

12. Investments

Company	£'000
Cost as at 31 October 2014	32,862

At 31 October 2014 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
EATG Development Co. 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
Britannia Learning and Leisure Limited	Educational visits
Kingswood Day Camps Limited	Educational visits
Kingswood Learning and Leisure Group Limited	Educational visits
Britannia Coach Group Limited	Coach travel supporting educational visits
Kingswood Colomendy Limited	Educational visits
Kingswood Centre Limited	Dormant
Kingswood (Isle of Wight) Limited	Dormant
Kingswood (Norfolk) Limited	Dormant
Kingswood (Head Office) Limited	Dormant
Freetime Leisure Limited	Dormant
Interlent Limited	Dormant
The School Travel Group Limited	Non trading sub holding company
STG Travel Group Ltd	Non trading sub holding company
Skiplan Travel Limited	Educational tour operator
Skiplan (Air and Coach) Limited	Dormant
STS School Travel Service Limited	Educational tour operator
STS Holidays Limited	Dormant
Equity Inspiring Learning Limited	Educational tour operator
Equity Travel Limited	Dormant
Equity Total Travel (Transport) Limited	Dormant

*Directly owned

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

13. Stocks

Group	2014 £'000
Goods held for resale	214

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

The company does not hold any stocks.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

14. Debtors

	Group 2014 £'000
Trade debtors	2,981
Other debtors	856
Other taxes and social security	102
Prepayments and accrued income	3,880
	7,819

The company has no debtors.

15. Creditors: amounts falling due within one period

	Group 2014 £'000	Company 2014 £'000
Bank overdrafts	9,687	-
Trade creditors	5,448	-
Other taxation and social security	1,430	-
Amounts owed to subsidiary undertakings	-	675
Amounts owed to related parties (note 33)	2,660	-
Corporation tax	947	-
Amounts due under finance leases (note 16)	101	-
Other creditors	1,006	-
Accruals and deferred income	19,903	17
	41,182	692

The amount owed to the subsidiary undertakings, is unsecured, and interest free, and has no fixed repayment terms.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

16. Amounts due under finance leases

	2014
Group	£'000
Amounts due under finance leases	155

Future minimum payments under finance leases are as follows:

	2014
Group	£'000
Within one year	107
In more than one year but not more than 5 years	56
Total gross payments	163
Less finance charges included above	(8)
	155

The company has no amounts due under finance leases.

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

	Group 2014 £'000
Term bank loans (note 18)	31,087
Amounts due under finance leases (note 16)	54
	31,141

Bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the Group.

The term loan facilities bears interest at an average rate of LIBOR plus 4.5%, of which an amount equivalent to LIBOR plus 1.25% is deferred until the loan becomes repayable on or before 30 June 2018.

Bank loans are shown net of unamortised loan issue costs.

The company has no creditors falling due after more than one year.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

18. Loans and other borrowings

	Principal	Unamortised loan issue costs	2014
Group and company	£'000	£'000	£'000
Bank loans			
In one year or less, or on demand	-	-	-
In more than one year, but not more than two years	-	-	-
In more than two years, but not more than five years	33,461	(2,374)	31,087
In more than five years	-	-	-
	33,461	(2,374)	31,087

19. Pension commitments

Kingswood Colomendy Limited is a participant member of the Merseyside Pension Fund, a multi-employer defined benefit pension scheme. The calculations for FRS 17 disclosures are based on a full actuarial valuation on the funded scheme as at 31 October 2014 by a qualified independent actuary.

The main assumptions used by the actuary were:

	2014
	%
Rate of increase in salaries	3.70
Rate of increase of pensions in payment	2.20
Discount rate	3.90
Inflation rate (CPI)	2.20

The mortality assumptions used were as follows:

	2014
	Years
Life expectancies for individuals currently aged 65:	
- Men	22.3
- Women	25.2
Life expectancies from age 65 for individuals currently aged 45:	
- Men	24.7
- Women	28.0

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

19. Pension commitments (continued)

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected	Value
	2014	2014
	%	£'000
Equities	7.0	335
Government bonds	2.9	76
Other bonds	3.8	13
Property	6.1	43
Cash	0.5	25
Others	7.0	65
Total market value of assets		557
Present value of scheme liabilities		(733)
Deficit in the scheme		(176)
Deferred tax on deficit		35
Net pension liability		(141)

Reconciliation of present value of scheme liabilities:

	2014
	£'000
Present value of scheme liabilities at the beginning of the period	675
Current service cost	21
Interest cost	29
Member contributions	5
Benefits/transfers paid	(10)
Actuarial losses on liabilities	13
Present value of scheme liabilities at the end of the period	733

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

19. Pension commitments (continued)

Reconciliation of fair value of scheme assets:

	2014 £'000
Fair value of scheme assets at the beginning of the period	516
Expected return on plan assets	31
Actuarial losses on assets	(6)
Employer contributions	21
Member contributions	5
Benefits/transfers paid	(10)
Fair value of scheme assets at the end of the period	557

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:

	2014 £'000
Current service cost	21
Total operating charge	21

Analysis of the amount charged to other finance income:

	2014 £'000
Expected return on pension scheme assets	31
Interest on pension scheme liabilities	(29)
Total finance income	2

Analysis of the amount recognised in statement of total recognised gains and losses:

	2014 £'000
Actuarial loss on liabilities	(13)
Actuarial loss on assets	(6)
Actuarial loss	(19)

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

19. Pension commitments (continued)

History of experience gains and losses:

	2014 £'000
Defined benefit obligation	(733)
Plan assets	557
Deficit in the scheme	(176)
Difference between the expected and actual return on scheme assets:	
Amount (£'000)	(6)
Experience gains and losses on scheme liabilities:	
Amount (£'000)	(13)
Total amount recognised in the statement of total recognised gains and losses:	
Amount (£'000)	(19)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £19,000. The group expects to contribute £22,000 to the scheme in the next accounting period.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

20. Deferred taxation

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

	31 October 2014 £'000
Group	
Difference between depreciation over capital allowances	232
Deferred tax liability excluding that relating to pension liability	232
Deferred tax asset relating to pension asset (note 19)	(35)
Total deferred tax liability	197

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

	£'000
Group	
Arising on acquisition	249
Charged to the profit and loss account in the period (note 8)	(49)
Charged to the statement of total recognised gains and losses	(3)
At 31 October 2014	197

The group has an unprovided deferred tax asset of £2,072,000 relating to trading losses. This amount has been calculated at a rate of 20%.

The group has unrecognised deferred tax asset in respect of capital allowances of £1,271,000. This amount has been calculated at a rate of 20%.

The company has no deferred tax assets or liabilities.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

21. Provision for liabilities

Group	Onerous Lease £'000	Other provision £'000	Total £'000
Arising on acquisition	-	(771)	(771)
Addition	(600)	-	(600)
Utilised	-	302	302
At 31 October 2014	(600)	(469)	(1,069)

Other provision

The provision relates to ongoing and unresolved overseas employment issues. The directors expect the issues to be concluded within the next 12 months.

Onerous lease

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

22. Financial commitments

The group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £'000	Other 2014 £'000
In one year or less	455	52
Between one and five years	1,031	59
In five years or more	506	-
	1,992	111

In addition to the above the group has a commitment to pay annual management consultancy fees in respect of its day camp activities. The agreement expires in over five years at a cost of £82,000 per annum. In addition the group is liable to pay, as commission, any trading profits on day camp activity that exceed £125,000 per annum, (indexed for RPI from 2001) and 12.5% of relevant turnover exceeding £1 million each period on centres which commenced operating before 31 July 2007 and 5% of related turnover exceeding £1 million each period on any centres brought into use from 1 August 2007.

The company had no financial commitments.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

23. Called up share capital

Class	Authorised, allotted and fully paid No.'000	Authorised, allotted and fully paid £'000
Ordinary A shares of 1p each	9,921	99
Ordinary B shares of 1p each	2,561	26
Ordinary C shares of 1p each	6,718	67
D1 Ordinary shares of 25p each	184	46
D2 Ordinary shares of 25p each	184	46
D3 Ordinary shares of £1 each	40	40
D4 Ordinary shares of £1 each	40	40
D5 Ordinary shares of 1p each	52	1
E1 Ordinary shares of 1p each	11	-
E2 Ordinary shares of 1p each	11	-
E3 Ordinary shares of 1p each	2	-
E4 Ordinary shares of 1p each	2	-
E5 Ordinary shares of 1p each	2	-
E6 Ordinary shares of 1p each	2	-
	19,730	365

Voting rights

Holders of A,B,C,D1,D2,D3 and D4 shares shall be entitled to vote at general meetings of the company. Holders of the D5 and E shares have no right to vote at general meetings of the company except in relation to any matter relating to the variation or abrogation of any rights attached to the D5 Shares in accordance with the articles.

Share payments

Any profits which the company determines to distribute in respect of any Accounting Period will be applied in accordance with rules below.

- first, to the holders of the Ordinary Shares pro-rata to the amounts credited as paid up on each Ordinary Share held;
- second, 5 per cent of any remaining amounts available for distribution shall be paid to the holders of the E Shares pro-rata to the number of E Shares held;
- third, where the amounts have been distributed in accordance with a) and b), to the holders of the Ordinary Shares pro-rata to amounts credited as paid up on such Ordinary Shares held until the aggregate Distributions paid in respect of the Ordinary Shares are equal to the First Priority Return Amount (as defined in the Articles of Association);

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

23. Called up share capital (continued)

- d. fourth, where the amounts specified in a), b) and c) been distributed any remaining amounts to be distributed to the Members shall be paid to the holders of the E Shares pro-rata to the number of E Shares held;
- e. fifth, where the amounts specified in a),b),c) and d) have been distributed, the balance is payable to the holders of the Ordinary Equity Shares pro-rata to the number of such Ordinary Shares held (until the aggregate distributions paid in respect of the Ordinary Shares are equal to the Second Priority Return Amount (as defined in the Articles of Association);
- f. sixth, where the amounts specified in Articles a),b),c),d) and e) have been distributed, 15 per cent of any remaining amounts to be distributed to the members shall be paid to the holders of the E Shares pro-rata to the number of E Shares held; and
- g. seventh, where the amounts specified in Articles a),b),c),d),e) and f) have been distributed to the Members, any remaining amounts shall be paid to the holders of the Ordinary Equity Shares pro-rata to the number of such Ordinary Equity Shares held.

24. Share premium account

	£'000
Proceeds from ordinary shares issued	19,335
At 31 October 2014	19,335

25. Profit and loss account

	Group £'000	Company £'000
Loss for the financial period	(24,377)	12,470
Actuarial loss relating to the defined benefit pension scheme	(19)	-
Deferred tax credit attributable to actuarial loss	3	-
Exchange differences	45	-
At 31 October 2014	(24,348)	12,470
Pension liability	(141)	-
Profit and loss reserve excluding pension liability	(24,489)	12,470

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

26. Reconciliation of movements in total shareholders' funds

Group	2014 £'000
Loss for the period	(24,377)
Actuarial loss relating to the defined benefit pension scheme	(19)
Deferred tax credit attributable to actuarial loss	3
Proceeds of ordinary shares issued	19,700
Exchange differences	45
Net increase in total shareholders' deficit	(4,648)
Opening total shareholders' funds	-
Closing total shareholders' deficit	(4,648)

Company	2014 £'000
Proceeds of ordinary shares issued	19,700
Profit for the period	12,470
Net increase in total shareholders' funds	32,170
Opening total shareholders' funds	-
Closing total shareholders' funds	32,170

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

27. Reconciliation of operating loss to net cash inflow from operating activities

	31 October 2014 £'000
Operating loss	(22,668)
Depreciation	4,396
Amortisation	4,697
Impairment of goodwill	79,256
Loss on sale of tangible assets	686
Decrease in stocks	46
Decrease in debtors	82
Write off of intercompany payable	(49,797)
Increase in creditors	4,125
Increase in provisions	302
Exchange gain	(62)
Net cash inflow from operating activities	21,063

28. Reconciliation of net cash flow to movements in net debt

	2014 £'000
Decrease in net cash in the period	(1,994)
Cash flow from decrease in debt	15,082
Non-cash changes (note 29)	11,181
Movement in net debt in the period	24,269
Net debt acquired on acquisition	(57,505)
Net debt at 31 October	(33,236)

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

29. Analysis of net debt

	Arising on acquisition of Inspiring Learning Services Ltd and EATG Development Co. Ltd (excluding cash and overdrafts)	Cash flow	Non-cash changes	At 31 October 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	-	7,693	-	7,693
Bank overdrafts	-	(9,687)	-	(9,687)
	-	(1,994)	-	(1,994)
Due within one period				
Finance leases - current	(10)	(30)	(61)	(101)
	(10)	(30)	(61)	(101)
Due after one period				
Bank loans	(57,492)	15,112	11,293	(31,087)
Finance leases	(3)	-	(51)	(54)
	(57,495)	15,112	11,242	(31,141)
Net debt	(57,505)	13,088	11,181	(33,236)

In addition to the amounts disclosed above, non-cash changes comprise the issues of shares, consideration for which was the extinguishment of bank loans (£12,202,000), the amortisation of debt costs (£594,000), new finance leases (£112,000), and the roll up of interest on the term loans (£315,000).

30. Contingent liabilities

The nature of the group's activities, particularly in relation to its overseas operations, is such that from time to time it faces challenges in respect of employment laws and regulations and tax arising in the normal course of business. Provision is made for these actions where this is deemed appropriate. No actions which are outstanding at 31 October 2014 are expected to have a material effect on these financial statements. The Directors consider that adequate provision has been made for all known liabilities.

A charge of £442,000 is held by a third party over the assets of STS School Travel Service Limited. This charge remains in place at the date of signing the financial statements.

There were no other material contingent liabilities at 31 October 2014.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

31. Acquisition

On 18 December 2013, a subsidiary company, Inspiring Learning Limited, acquired the share capital of Kingswood Day Camps Limited for consideration of £240,000.

	Net book value and fair value £000's
Stocks	15
Debtors: amounts due within one period	8
Trade creditors	(62)
Other creditors	(46)
Bank overdraft	(14)
Accruals and deferred income	(16)
Net liabilities acquired	(115)
Consideration satisfied by cash	240
Acquisition costs	241
Goodwill	596

The book values of the assets and liabilities have been taken from the management accounts of Kingswood Day Camps Limited at 18 December 2013 (the date of acquisition).

There were no material adjustments required to align the accounting policies of Kingswood Day Camps Limited to those of the group.

In its last financial year to 31 August 2013, Kingswood Day Camps Limited made a loss after tax of £110,313. For the period since that date to the date of acquisition, Kingswood Day Camps Limited management accounts disclose a profit after tax of £4,070.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

31. Acquisition (continued)

On 17 October 2013, Inspiring Learning Group Limited, acquired the share capital of Inspiring Learning Services Limited for consideration of £208,000. The total adjustment required to the book values of the assets and liabilities acquired in order to present the net assets at fair values, together with the resultant goodwill arising, are shown below. This purchase has been accounted for as an acquisition.

	Net book value £000's	Fair value adjustment £000's	Provisional fair value £000's
Tangible assets	46,051	(98)	45,953
Intangibles	4,637	(4,637)	-
Stock	247	-	247
Debtors: amounts falling due within one year	7,664	-	7,664
Cash in hand and at bank	3,154	-	3,154
Bank overdraft	(9,753)	-	(9,753)
Corporation tax liability	(1,747)	-	(1,747)
Other creditors	(56,576)	-	(56,576)
Borrowings: amounts falling due after more than one year	(57,494)	-	(57,494)
Accruals and deferred income	(19,528)	-	(19,528)
Deferred tax provision	(281)	-	(281)
Provisions for liabilities and charges	(770)	-	(770)
Defined benefit pension scheme liability	(127)	-	(127)
Net liabilities acquired	(84,523)	(4,735)	(89,258)
Consideration satisfied by cash			208
Acquisition costs			239
Goodwill			89,705

The fair value adjustments reflect the directors' assessment of the fair value of the tangible fixed assets.

There were no material adjustments required to align the accounting policies of Inspiring Learning Services Limited to those of the group.

In the financial period from 1 August 2012 to 16 October 2013, Inspiring Learning Services Limited made a profit after tax of £42,983,000. In the financial period to 31 October 2013, Inspiring Learning Services Limited made a profit after tax of £43,123,000.

Inspiring Learning Group Limited

Notes to the financial statements for the 14 month period ended 31 October 2014 (continued)

31. Acquisition (continued)

On 17 October 2013, Inspiring Learning Group Limited, acquired the share capital of EATG Development Co. Limited for consideration of £234,000.

	Net book value and fair value £000's
Debtors: amounts due within one period	237
Cash at bank and in hand	23
Creditors: amounts falling due within one year	(26)
Net assets acquired	234
Consideration satisfied by cash	234
Goodwill	-

There were no material adjustments required to align the accounting policies of EATG Development Co. Limited to those of the group.

In the financial year to 31 October 2013, EATG Development Co. Limited made a loss after tax of £109,000.

32. Ultimate controlling party

The directors consider that the company is controlled by funds managed and controlled by aPriori Capital Partners IV LLC.

33. Related party transactions

As at 31 October 2014 the group had amounts due to related parties as follows:

EATG (Debtco) Limited a shareholder in the company: £2,660,000.

This amount due is unsecured, interest free and has no fixed date of repayment.

A further £49,797,000, payable to EATG (Debtco) Limited, was waived during the period under review.

Directors' loans

During the previous period a subsidiary company, Inspiring Learning (Holdings) Limited, advanced interest free loans to the directors of Inspiring Learning Group Limited. The loans were made available to facilitate the investment in shares of Inspiring Learning Group Limited. The following amounts, which remain outstanding in full at the period end, were advanced:

John Bentley	£175,000
Martin Robinson	£100,000
Nicholas Goodwin	£40,000