

Columbus Topco Limited

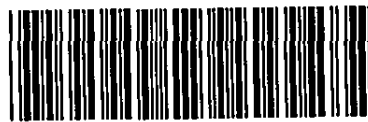
Report and Financial Statements

Period Ended

31 December 2012

Company Number 08180821

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BDO

Columbus Topco Limited

Report and financial statements for the period ended 31 December 2012

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Directors

R C W Hicks (appointed 15 August 2012)
W S Mills (appointed 15 August 2012)
S K Giles (appointed 15 August 2012)

Secretary and registered office

S K Giles, 74 North Street, Guildford, Surrey, GU1 4AW

Company number

08180821

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Columbus Topco Limited

Report of the directors for the period ended 31 December 2012

The directors present their report together with the audited financial statements for the period ended 31 December 2012

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the period

Principal activities and business review

The principal activity of the Group during the period was the operation of maths and English tuition centres throughout the United Kingdom for children aged 5 to 14. Explore Learning Ltd opened 18 new centres in 2012 (2011-12) therefore having a total of 76 centres as at 31 December 2012.

The Group was formed on 22 August 2012 as a result of the management buy-out of Explore Learning Ltd. Further deferred consideration is payable dependent on the performance of the business in 2013.

The Group aims to provide a network of centres where talented tutors work in a low ratio with children to meet their individual needs. The centres complement a child's school experience in a positive way, helping them to succeed in the classroom. Explore continues to improve the academic skills, confidence, enthusiasm and independence of its members.

The Group plans to continue to expand its network of centres and further develop the curriculum provided.

The results for the period post and financial position of the Group and company are as shown in the attached financial statements.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Employee involvement

The flow of information to staff is maintained by a staff newsletter. Members of the management team regularly visit centres and discuss matters of current interest and concern to the business with members of staff.

Performance and financial review

At the end of the period the Group had 17,767 members. Revenue was £7.3m for the 4 months ended 31 December 2012 derived from the membership of the 76 centres.

Future developments

The Group continues to actively search for new locations in which to open centres in 2013 whilst continuing the development of its curriculum for use across all centres.

Columbus Topco Limited

Report of the directors for the period ended 31 December 2012 (*continued*)

Financial risk management objectives and policies

The Group's instruments comprise cash and liquid resources and various items that arise directly from its operations. The main purpose of these instruments is to finance the Group's operations.

The board manages the financial risks of ensuring that there are sufficient funds to meet large payments by producing detailed monthly management accounts and forecasts – which includes a cash flow forecast.

The key performance indicators (KPI's) used to determine the progress and performance of the Group over time are membership levels and revenue per member. These are monitored on a continual basis by management.

Principal risks and uncertainties

The Group is conscious that the continuing tough economic environment may put pressure on family disposable incomes that could have an adverse effect on the number of new joiners.

Directors

The directors of the company during the period were

R C W Hicks (appointed 15 August 2012)
W S Mills (appointed 15 August 2012)
S K Giles (appointed 15 August 2012)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and 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 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Columbus Topco Limited

Report of the directors for the period ended 31 December 2012 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board


S K Giles

Director

13 May 2013

Columbus Topco Limited

Independent auditor's report

To the members of Columbus Topco Limited

We have audited the financial statements of Columbus Topco Limited for the 4 month period ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

Columbus Topco Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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

BDO LLP

David Eagle (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

24 May 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Columbus Topco Limited

Consolidated profit and loss account for the period ended 31 December 2012

	Note	4 months ended 31 December 2012 £'000
Turnover	2	7,269
Cost of sales		5,200
Gross profit		2,069
Administrative expenses		3,455
Group operating loss	3	(1,386)
Other interest receivable and similar income		4
Interest payable and similar charges	6	(973)
Loss on ordinary activities before taxation		(2,355)
Taxation on loss on ordinary activities	7	330
Loss on ordinary activities after taxation		(2,025)

All amounts relate to continuing activities

All recognised gains and losses in the current period are included in the profit and loss account

The notes on pages 10 to 25 form part of these financial statements

Columbus Topco Limited

Consolidated balance sheet at 31 December 2012

Company number 08180821

	Note	31 December 2012 £'000	31 December 2012 £'000
Fixed assets			
Goodwill	9	33,958	
Other intangible assets		26	
Intangible assets	9		33,984
Tangible assets	10		6,673
			40,657
Current assets			
Stocks	12	45	
Debtors	13	1,854	
		1,899	
Creditors: amounts falling due within one year	14	11,352	
Net current liabilities			(9,453)
Total assets less current liabilities			31,204
Creditors: amounts falling due after more than one year	15		33,056
			(1,852)
Capital and reserves			
Called up share capital	16		156
Share premium account	17		17
Profit and loss account	17		(2,025)
Shareholders' deficit	18		(1,852)

The financial statements were approved by the board of directors and authorised for issue on 13 May 2013



S K Giles
Director

The notes on pages 10 to 25 form part of these financial statements

Columbus Topco Limited

Company balance sheet at 31 December 2012

Company number 08180821

	Note	31 December 2012 £'000
Current assets		
Debtors	13	3,051
Creditors, amounts falling due after more than one year	15	2,961
		<u>90</u>
Capital and reserves		
Called up share capital	16	156
Share premium account	17	17
Profit and loss account	17	(83)
		<u>90</u>
Shareholders' funds	18	<u>90</u>

The financial statements were approved by the board of directors and authorised for issue on 13 May 2013



S K Giles
Director

The notes on pages 10 to 25 form part of these financial statements

Columbus Topco Limited

Consolidated cashflow statement for the period ended 31 December 2012

	Note	4 months ended 31 December 2012 £'000	4 months ended 31 December 2012 £'000
Net cash inflow from operating activities	21		372
Returns on investments and servicing of finance			
Interest received		4	
Interest paid other loans		(10)	
		<u> </u>	
Net cash outflow from returns on investments and servicing of finance			(6)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(8)	
Payments to acquire tangible fixed assets		(1,520)	
		<u> </u>	
Net cash outflow from capital expenditure and financial investment			(1,528)
Acquisitions and disposals			
Purchase of Explore Learning Limited			(30,390)
			<u> </u>
Cash outflow before use of financing			(31,552)
Financing			
Share capital issued		99	
New loans		8,000	
Issue of loan notes		22,605	
		<u> </u>	
Net cash inflow from financing			30,704
			<u> </u>
Decrease in cash	22		(848)
			<u> </u>

The notes on pages 10 to 25 form part of these financial statements

Columbus Topco Limited

Notes forming part of the financial statements for the period ended 31 December 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Columbus Topco Limited and all of its subsidiary undertakings as at 31 December 2012 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover comprises membership and joining fees excluding value added tax relating to the period.

Fixed assets

All fixed assets are initially recorded at cost.

Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Depreciation and amortisation

Depreciation and amortisation are calculated so as to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Plant and equipment	- 25% - 33% straight line
Fixtures and fittings	- 10% - 33% straight line
Other fit out costs	- 10 years straight line
Software licences	- 4 years straight line

Stocks

Stocks represent promotional and learning materials held for future use. Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Columbus Topco Limited

Notes forming part of the financial statements for the period ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met

Deferred tax balances are not discounted

Financial instruments

Financial instruments are measured initially and subsequently at cost

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease

2 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

3 Operating loss

	4 months ended 31 December 2012 £'000
This is arrived at after charging	
Depreciation of tangible fixed assets	361
Amortisation of other intangible fixed assets	8
Operating lease rental expense	891

	4 months ended 31 December 2012 £'000
Fees payable to the company's auditor for the auditing of the company's and the group's annual accounts	20
Fees payable to the company's auditor or an associate of the company's auditor for other services	
- taxation compliance services	9
- taxation advisory services	76
- other non-audit services	2

4 Employees

Staff costs (including directors) consist of

	Group 4 months ended 31 December 2012 £'000
Wages and salaries	4,114
Social security costs	341
Other pension costs	89
	4,544

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 *(continued)*

4 Employees *(continued)*

The average number of employees (including directors) during the period was as follows

	Group 4 months ended 31 December 2012 Number
Head Office Management Staff	26
Head Office Operational Staff	14
Centre Managers	232
Centre Tutors	395
	667

The number of centre tutors above relates to full time equivalent employee numbers. The actual number of part time tutors employed at the period end was 1,302

5 Directors' remuneration

	4 months ended 31 December 2012 £'000
Directors' emoluments	156
Company contributions to money purchase pension schemes	10

There were 3 directors in the group's defined contribution pension scheme during the period

The total amount payable to the highest paid director in respect of emoluments was £54,302. Company pension contributions of £4,344 were made to a money purchase scheme on their behalf.

6 Interest payable and similar charges

	4 months ended 31 December 2012 £'000
Interest payable	973

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

7 Taxation on loss on ordinary activities

4 months
ended
31 December
2012
£'000

Deferred tax

Origination and reversal of timing differences	(314)
Adjustment in respect of previous periods	(16)

Movement in deferred tax provision	(330)
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The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to loss before tax

4 months
ended
31 December
2012
£'000

Loss on ordinary activities before tax	(2,355)
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Loss on ordinary activities at the standard rate of corporation tax in the UK of 24.5%	(577)
--	-------

Effect of

Expenses not deductible for tax purposes	483
Depreciation for period in excess of capital allowances	133
Share scheme deductions	(535)
Losses carried forward	495
Other timing differences	1

Current tax charge for the period	-
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8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the period includes a loss after tax of £83,000 which is dealt with in the financial statements of the parent company.

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

9 Intangible fixed assets

Group

	Goodwill on consolidation £'000	Software licences £'000	Total £'000
<i>Cost</i>			
Additions	33,958	8	33,966
Subsidiary undertaking acquired	-	89	89
At 31 December 2012	33,958	97	34,055
<i>Amortisation</i>			
Provided for the period	-	8	8
Subsidiary undertaking acquired	-	63	63
At 31 December 2012	-	71	71
<i>Net book value</i>			
At 31 December 2012	33,958	26	33,984

10 Tangible fixed assets

Group

	Fixtures and fittings £'000
<i>Cost</i>	
Additions	1,520
Acquisition of Explore Learning Limited	8,279
Disposals	(13)
At 31 December 2012	9,786
<i>Depreciation</i>	
Provided for the period	361
Acquisition of Explore Learning Limited	2,765
Disposals	(13)
At 31 December 2012	3,113
<i>Net book value</i>	
At 31 December 2012	6,673

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

11 Fixed asset investments

Subsidiary undertakings

The principal undertakings in which the company's interest at the period end is 20% or more are as follows

	Proportion of voting rights and ordinary share capital held	Nature of business
Columbus Midco Limited	100%	The principle activity of the company is that of holding company
Columbus Bidco Limited	100%	The principle activity of the company is that of holding company
Explore Learning Limited	100%	Operation of maths and English tuition centres

Explore Learning Limited is a direct subsidiary of Columbus Bidco Limited, which is a direct subsidiary of Columbus Midco Limited

Explore Learning Limited and Columbus Bidco Limited are therefore both indirect subsidiaries of Columbus Topco Limited

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

12 Stocks

	Group 31 December 2012 £'000	Company 31 December 2012 £'000
Stock	45	-

Stock consists of promotional and learning materials in held in storage by a third party There is no material difference between the replacement cost of stocks and the amounts stated above

13 Debtors

	Group 31 December 2012 £'000	Company 31 December 2012 £'000
Trade debtors	5	-
Amounts owed by group undertakings	-	3,051
Other debtors	23	-
Prepayments and accrued income	573	-
Deferred taxation	1,253	-
	<u>1,854</u>	<u>3,051</u>

All amounts shown under debtors fall due for payment within one year

	Group Deferred taxation £'000	Company Deferred taxation £'000
Credited to profit and loss account	330	-
Undertaking acquired	923	-
	<u>1,253</u>	<u>-</u>
At 31 December 2012		

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

13 Debtors (*continued*)

Deferred taxation

	Group 31 December 2012 £'000
The amount of deferred tax provided for is as follows	
Accelerated capital allowances	444
Other	809
	1,253

14 Creditors: amounts falling due within one year

	Group 31 December 2012 £'000	Company 31 December 2012 £'000
Bank overdrafts	848	-
Trade creditors	609	-
Taxation and social security	216	-
Loans	8,230	-
Other creditors	38	-
Accruals and deferred income	1,411	-
	11,352	-

On 26 February 2009, National Westminster Bank PLC registered a charge over all the liabilities to the bank (present, future, actual or contingent and whether incurred alone or jointly with another) of Explore Learning Ltd by way of a debenture

15 Creditors: amounts falling due after more than one year

	Group 31 December 2012 £'000	Company 31 December 2012 £'000
Loan notes	25,483	2,879
Accrued loan note interest	733	82
Deferred consideration	6,840	-
	33,056	2,961

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

15 Creditors amounts falling due after more than one year (*continued*)

Included in creditors due after more than one year are the following amounts repayable in more than five years

	Group 31 December 2012 £'000	Company 31 December 2012 £'000
Loan notes	25,483	2,879
Accrued loan note interest	734	83
	26,217	2,962

The loan notes were issued on the 22 August 2012 as part of the management buy-out. The redemption date of the notes is the 22 August 2020 and they carry an 8% interest charge.

The interest on the notes is due and payable on the date of the redemption of the notes, however the Group / Company can elect to pay on the relevant interest accrual date any or part or all of the accrued interest.

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

16 Share capital

31 December
2012
£'000

Allotted, called up and fully paid

671,774 A1 ordinary shares of 10 pence each	67
103,226 A2 ordinary shares of 10 pence each	10
155,000 B1 ordinary shares of 50 pence each	78
35,000 B2 ordinary shares of 1 pence each	1
	156

Amounts which the company resolve to distribute to the shareholders shall be apportioned amongst the A Ordinary Shareholders and the B Ordinary Shareholders in proportion to the numbers of such shares held by them respectively as though the A Ordinary Shares and the B Ordinary Shares constituted one class of share. The same shall apply on a return of capital or liquidation of the company.

Each A Ordinary Share and B1 Ordinary Share shall entitle its holder to receive notice of, attend and vote at any general meeting of the company.

In relation to voting, the B1 Ordinary Shares shall entitle each B1 Ordinary Shareholder to 5% of the total number of voting rights capable of being cast by all holders of Ordinary Shares and where any such B1 Ordinary Shareholder transfers any such B1 Ordinary Shares the 5% of votes attaching to such B1 Ordinary Shares shall be split between the resulting holders of such B1 Ordinary Shares in proportion to their holdings of such shares. The A Ordinary Shareholders shall be entitled to cast 80% of the total number of voting rights.

Each B2 Ordinary Share shall not entitle its holder to receive notice of, attend or vote at any general meeting of the Company or on any written resolution.

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

17 Reserves

Group

	Share premium account £'000	Profit and loss account £'000
Premium on shares issued during the period	17	-
Loss for the period	-	(2,025)
At 31 December 2012	17	(2,025)

Company

	Share premium account £'000	Profit and loss account £'000
Premium on shares issued during the period	17	-
Loss for the period	-	(83)
At 31 December 2012	17	(83)

18 Reconciliation of movements in shareholders' (deficit)/funds

	Group 31 December 2012 £'000	Company 31 December 2012 £'000
Loss for the period	(2,025)	(83)
Issue of shares	156	156
Premium on shares issued during the period	17	17
Net (deductions from)/additions to shareholders' (deficit)/funds	(1,852)	90
Opening shareholders' funds	-	-
Closing shareholders' (deficit)/funds	(1,852)	90

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

19 Acquisitions

Acquisition of Explore Learning Limited

Explore Learning Ltd was acquired by the Group on 22 August for a consideration of £33.3m

As part of the management buy-out of Explore Learning Ltd additional consideration of up to a maximum of £7m is payable

This is dependent on the audited EBITDA generated by the centres opened up to and including December 2011 in the 12 months ending 31 December 2013 compared to the EBITDA forecast for those centres for the same period at the time of the buy-out

As at 31 December 2012 the forecast is £6.8m of deferred consideration would be payable, which has been recognised as a liability in these accounts

This will be adjusted in the financial statements for the year ended 31 December 2013 for the final amount payable and a corresponding adjustment will be made to the goodwill carried in Columbus Topco Limited

Should the deferred consideration be payable then 70% of the amount will be cash paid in April 2014 with the remainder paid in April 2015

In calculating the goodwill arising on acquisition, the fair value of the net assets of Explore Learning Limited have been assessed and no adjustments to book value deemed necessary. The book value and fair value of the net assets acquired are summarised in the following table

	Book and fair value £'000
Fixed assets	
Tangible	5,514
Intangible	25
	5,539
Current assets	
Stocks	44
Debtors	3,389
Total assets	8,972
Creditors	
Due within one year	2,748
Net assets	<u>6,224</u>

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

19 Acquisitions (*continued*)

	£'000
Cash consideration	30,389
Non cash consideration	2,953
Deferred consideration	6,840
Less net assets acquired	6,224
Goodwill arising on acquisition	33,958

The results of Explore Learning Limited prior to its acquisition were as follows

Profit and loss account

	8 month period up to acquisition £'000	Year ending 31 December 2011 £'000
Turnover	12,417	15,220
Operating profit	280	819
Net interest	(7)	(8)
Profit on ordinary activities before taxation	273	811
Taxation on profit from ordinary activities	(191)	(635)
Profit for the period / year	464	1,446

Cash flows

The net outflow of cash arising from the acquisition of Explore Learning Limited was as follows

	£'000
Cash consideration, as above	30,389
Overdraft acquired	442
Net outflow of cash	30,831

Columbus Topco Limited

Notes forming part of the financial statements for the period ended 31 December 2012 (*continued*)

20 Related party disclosures

Mr W S Mills, a director of the company, is also a director of Highfield School (Liphook) Limited. During the period, Explore Learning Ltd was charged £8,564 (2011: £6,643) for cleaning and catering services by Highfield School. No balance was outstanding at the period end date.

During the period the following loan notes were issued to two of the directors and were outstanding as at 31 December 2012:

Mr W S Mills	£2,588,752
Mr R C Hicks	£289,731

Details of these loan notes are disclosed in note 13.

21 Reconciliation of operating loss to net cash inflow from operating activities

	4 months ended 31 December 2012 £'000
Operating loss	(1,385)
Amortisation of intangible fixed assets	7
Depreciation of tangible fixed assets	360
Increase in stocks	(1)
Decrease in debtors	1,865
Decrease in creditors	(474)
Net cash inflow from operating activities	372

22 Reconciliation of net cash flow to movement in net debt

	4 months ended 31 December 2012 £'000
Decrease in cash	(638)
Cash outflow from changes in debt	(210)
Movement in net debt	(848)
Opening net funds	-
Closing net debt	(848)

Columbus Topco Limited

Notes forming part of the financial statements
for the period ended 31 December 2012 (*continued*)

23 Analysis of net debt

	At 1 January 2012 £'000	Cash flow £'000	At 31 December 2012 £'000
Bank overdrafts	-	(638)	(638)
Debt due within one year	-	(210)	(210)
Total	-	(848)	(848)