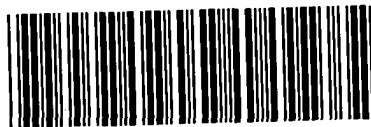


COMPANY REGISTRATION NUMBER: 08180821

Columbus Topco Limited
Financial Statements
31 December 2017

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Columbus Topco Limited

Financial Statements

Year ended 31 December 2017

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Columbus Topco Limited

Officers and Professional Advisers

THE BOARD OF DIRECTORS

C Light
L M Haycox
W S Mills
A H M Kelsey (Non-Executive Director)

REGISTERED OFFICE

74 North Street
Guildford
Surrey
GU1 4AW

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered accountant's & statutory auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Columbus Topco Limited

Strategic Report

Year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal Activities

The principal activity of the Group during the year was the operation of Maths and English tuition centres throughout the United Kingdom and Texas, USA for children aged 4 to 14. 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. Children become members and attend once or twice a week for sessions lasting approximately 1 hour and 15 minutes. The Group continues to improve academic skills, confidence, enthusiasm and independence of its members.

At 31 December 2017, the Group operated 137 centres in the UK (2016: 124) with 32,242 members (2016: 30,486). During the year 14 new centres were opened (2016: 4) and 1 centre was closed (2016: nil). Explore Horizons Inc opened no centres in the year (2016: nil) instead focusing on the operation of the existing 5 centres in and around the area of Dallas Fort Worth, Texas with a closing membership of 588 (2016: 423).

Review of the Business

As set out in the Consolidated Statement of Comprehensive Income on page 10, the Group reported a 7.5% increase in turnover (2016: 14.7% increase), resulting in total turnover of £46.7m (2016: £43.4m). This increase was primarily due to the consolidated growth in existing centres and from a slight increase in the average price per member of £111.50 (2016: £110.01) an increase of 1.4%.

The Group's key financial performance indicators during the year were as follows:

Key Performance Indicator:	2017	2016
Revenue	£46,679k	£43,443k
Revenue Growth	7.5%	14.7%
Revenue per member (a)	£111.50	£110.01
Operating Profit/(Loss) (b)	£(163)k	£384k
EBITDA (c)	£5,418k	£6,044k
Structuring EBITDA (d)	£6,449k	£6,607k
Number of centres (e)	142	129
Membership (e)	32,830	30,909

Notes

(a) Revenue per member calculated as all monthly membership fee revenue from existing members in the UK at the end of a particular month, divided by the number of active members in the UK at the beginning of the same month

(b) Operating profit is defined as turnover less cost of sales and administrative expenses as disclosed in the Consolidated Statement of Comprehensive Income on page 10

(c) EBITDA is defined as operating profit plus depreciation, amortisation and non operating costs. 2016 comparative figures excludes FRS102 adjustments as the company deems this a non operating cost

(d) Structuring EBITDA is defined as EBITDA plus start-up losses incurred in immature centres (less than 24mths old) and 2016 comparative figures excludes FRS102 adjustments as the company deems this an exceptional item

(e) Number of centres and membership at end of year

Columbus Topco Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Review of the business *(continued)*

The operating loss in the year of £0.2m, compared to an operating profit in 2016 of £0.4m. EBITDA similarly reduced from £6m in 2016 to £5.4m in 2017 which, was primarily due to a combination of increased investments in staff costs, new centre openings and head office infrastructure. Whilst the Group continues to assess its international options and grow through new centre expansion, management uses Structuring EBITDA as a KPI to assess the underlying performance of the business. This shows a slight year on year decrease of 2.4% (£0.2m).

Other non-financial KPIs monitored on a continual basis by management are membership levels which have increased by 6.2% between December 2016 and December 2017 and number of centres which have increased by 10.1%.

For the fifth consecutive year, Explore Learning Limited, a subsidiary company, has been ranked in The Sunday Times Best Companies - finishing 2nd in the 2017 Top 25 Best Big Companies to Work For, and placing 1st in the Personal Growth and Most Fun at Work categories.

The Group continues to look at new expansion opportunities in terms of location and aims to open a further 8 to 10 centres per year, as well as exploiting new opportunities in and around the Dallas Fort Worth area. The Group is currently in the middle of a re-branding project, where it plans to roll out a new brand image to new centres opening in 2018 and to commence the refurbishment of existing centres under a similar style.

Principal Risks and Uncertainties

The business management and execution of the Group's strategy are subject to a number of potential risks and uncertainties, including political risk, financial risk and operating risks. These could have a material impact on the Group's operating performance and could cause future financial results to differ materially from expected and historical results. The key area of risk to the business is negative net membership growth. This could be driven by failure to successfully implement business strategies, the inability to attract and retain the right people to deliver tuition and operate our centres, competition, and macro economic factors including consumer confidence.

The Directors have implemented systems to identify and assess these risks and to ensure that reasonable mitigation and action plans are in place. In particular, the following activities are examples of ways in which the directors have attempted to mitigate the key risk to the business:

- Investment in training programmes and content to differentiate Explore from other operators;
- Implementation of a robust centre approval process including assessment of demographics & payback;
- Continuation of strong relationships with key partners such as Sainsbury's and Pearson (provider of SuccessMaker software);
- Maintenance of competitiveness through an appropriate pricing architecture.

The main risks arising from the financial assets and liabilities of the Group are explained in the Directors Report under 'Financial Risk Management'.

This report was approved by the board of directors on 28/06/18 and signed on behalf of the board by:



C Light
Director

Columbus Topco Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2017.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

C Light
L M Haycox
W S Mills
A H M Kelsey (Non-Executive Director)
R C W Hicks (Resigned 31 December 2017)

Dividends

No dividends were proposed or declared during the year (2016: £nil).

Future Developments

The Group continues to actively search for new locations in the United Kingdom and USA in which to open centres in 2018 whilst continuing the development of its curriculum for use across all centres.

Events after the End of the Reporting Period

On the 29 March 2018 Columbus Bidco Limited, a subsidiary company, refinanced its debt to HSBC and updated the repayment schedule. The debt is repayable in tranches with £750k due within the next year and £16.9m due within the next 2-5 years.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that the appropriate provisions are arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer a disability.

Employee Involvement

The Group continues to communicate with all employees and provide transparent visibility of company performance. This is done through multiple forums, including a weekly newsletter, manager briefings and publication of key reports on the company intranet. Training sessions and video messages from senior management are also used to inform staff of news and key changes that affect them. The company holds regular focus groups and employee sentiment surveys, with new initiatives influenced directly from employee feedback.

Columbus Topco Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Financial Risk Management

The Board regularly reviews the financial requirements of the Group and the risks associated therewith in order to limit the adverse effects on the financial performance of the Group. The Group has financial instruments such as prepayments, trade creditors and accruals that directly arise from the Group's operations. The Group takes the following approach to financial risks:

Credit risk

The Group is at risk from customers failing to pay for their membership. There is a standard credit control procedure in place to help mitigate this whilst, at the same time, aiming to maintain a favourable relationship between centres and their members.

Liquidity risk

The Board actively manage financing that is designed to ensure it has sufficient available funds to meet its short and long term creditors and for planned capital investment. The Group will perform regular cash forecasting reports and other required financial modelling to manage cash funding. In addition, the Group will regularly meet with key stakeholders to discuss actual and future performance.

Interest rate risk

The Group's interest rate risk is minimised by the structure of its debt. The Group regularly monitors movements in interest rates and where appropriate, the Group has access to the use of interest rate hedges.

Qualifying Indemnity Provision

The Group has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Going Concern

After reviewing the Groups results and forecast projections, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standards in the UK and Republic of Ireland (FRS102). 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 the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

Columbus Topco Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Statement of Directors' Responsibilities in Respect of the Financial Statements *(continued)*

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 28/06/18 and signed on behalf of the board by:



C Light
Director

Independent auditors' report to the members of Columbus Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Columbus Topco 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 December 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the consolidated and company statement of financial position as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statement of changes in equity the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Columbus Topco Limited

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; 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.

**Independent auditors' report to the members of
Columbus Topco Limited**



Christine Dobson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

28 June 2018

Columbus Topco Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	Note	2017 £000	2016 £000
TURNOVER	4	46,679	43,443
Cost of sales		<u>(33,608)</u>	<u>(30,239)</u>
GROSS PROFIT		13,071	13,204
Administrative expenses		<u>(13,234)</u>	<u>(12,820)</u>
OPERATING (LOSS)/PROFIT	5	(163)	384
Interest payable and similar expenses	9	<u>(3,856)</u>	<u>(3,841)</u>
LOSS BEFORE TAXATION		(4,019)	(3,457)
Tax on loss	10	<u>(401)</u>	<u>(278)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(4,420)</u>	<u>(3,735)</u>
Foreign currency retranslation		<u>(55)</u>	<u>105</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(4,475)</u>	<u>(3,630)</u>

All the activities of the group are from continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

Columbus Topco Limited

Consolidated Statement of Financial Position

31 December 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
Intangible assets	11	20,620	23,195
Tangible assets	12	11,859	10,526
		<u>32,479</u>	<u>33,721</u>
CURRENT ASSETS			
Stocks	14	144	—
Debtors	15	1,911	972
Deferred tax asset	19	285	438
Cash at bank and in hand		946	2,831
		<u>3,286</u>	<u>4,241</u>
CREDITORS: amounts falling due within one year	16	(10,258)	(10,555)
NET CURRENT LIABILITIES		<u>(6,972)</u>	<u>(6,314)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,507</u>	<u>27,407</u>
CREDITORS: amounts falling due after more than one year	17	(48,914)	(46,347)
PROVISIONS FOR LIABILITIES	18	(92)	(92)
NET LIABILITIES		<u>(23,499)</u>	<u>(19,032)</u>
CAPITAL AND RESERVES			
Called up share capital	21	95	95
Share premium account	22	96	92
Other reserves	22	4	4
Treasury shares	22	(4)	(8)
Accumulated losses	22	(23,690)	(19,215)
TOTAL EQUITY		<u>(23,499)</u>	<u>(19,032)</u>

The notes on pages 16 to 30 form part of these financial statements.

The financial statements on pages 10 to 30 were approved by the board of directors on 28/06/18 and signed for by:



C Light
Director

Company registration number: 08180821

The notes on pages 16 to 30 form part of these financial statements.

Columbus Topco Limited

Company Statement of Financial Position

31 December 2017

	Note	2017 £000	2016 £000
CURRENT ASSETS			
Debtors	15	3,044	3,056
Cash at bank and in hand		1	25
		<u>3,045</u>	<u>3,081</u>
CREDITORS: amounts falling due within one year	16	(7)	(33)
NET CURRENT ASSETS		<u>3,038</u>	<u>3,048</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,038</u>	<u>3,048</u>
CREDITORS: amounts falling due after more than one year	17	(4,380)	(4,049)
NET LIABILITIES		<u>(1,342)</u>	<u>(1,001)</u>
CAPITAL AND RESERVES			
Called up share capital	21	95	95
Share premium account	22	96	92
Other reserves	22	4	4
Treasury shares	22	(4)	(8)
Accumulated losses	22	(1,533)	(1,184)
TOTAL SHAREHOLDERS' DEFICIT		<u>(1,342)</u>	<u>(1,001)</u>

LOSS FOR THE YEAR OF THE PARENT COMPANY

The loss for the financial year of the parent company was £349,000 (2016: £314,000).

The notes on pages 16 to 30 form part of these financial statements.

The financial statements on pages 10 to 30 were approved by the board of directors on 28/06/18 and signed for by:



C Light
Director

Company registration number: 08180821

The notes on pages 16 to 30 form part of these financial statements.

Columbus Topco Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £000	Share premium account £000	Other reserves £000	Treasury shares £000	Accumulated losses £000	Total £000
AT 1 JANUARY 2016	95	92	4	(1)	(15,585)	(15,395)
Loss for the year	—	—	—	—	(3,735)	(3,735)
Other comprehensive income for the year:						
Foreign currency retranslation	—	—	—	—	105	105
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	—	—	—	—	(3,630)	(3,630)
Purchase of treasury stock	—	—	—	(7)	—	(7)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	—	(7)	—	(7)
AT 31 DECEMBER 2016	95	92	4	(8)	(19,215)	(19,032)
Loss for the year	—	—	—	—	(4,420)	(4,420)
Other comprehensive income for the year:						
Foreign currency retranslation	—	—	—	—	(55)	(55)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	—	—	—	—	(4,475)	(4,475)
Issue of shares	—	4	—	—	—	4
Sale of treasury stock	—	—	—	4	—	4
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	4	—	4	—	8
AT 31 DECEMBER 2017	95	96	4	(4)	(23,690)	(23,499)

The notes on pages 16 to 30 form part of these financial statements.

Columbus Topco Limited

Company Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £000	Share premium account £000	Other reserves £000	Treasury shares £000	Accumulated losses £000	Total £000
AT 1 JANUARY 2016	95	92	4	(1)	(870)	(680)
Loss for the year	—	—	—	—	(314)	(314)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	—	—	—	—	(314)	(314)
Purchase of treasury stock	—	—	—	(7)	—	(7)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	—	(7)	—	(7)
AT 31 DECEMBER 2016	95	92	4	(8)	(1,184)	(1,001)
Loss for the year	—	—	—	—	(349)	(349)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	—	—	—	—	(349)	(349)
Issue of shares	—	4	—	—	—	4
Sale of treasury stock	—	—	—	4	—	4
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	4	—	4	—	8
AT 31 DECEMBER 2017	<u>95</u>	<u>96</u>	<u>4</u>	<u>(4)</u>	<u>(1,533)</u>	<u>(1,342)</u>

The notes on pages 16 to 30 form part of these financial statements.

Columbus Topco Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	2017 £000	2016 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive Loss for the financial year	(4,475)	(3,630)
<i>Adjustments for:</i>		
Depreciation of tangible assets	2,460	2,557
Amortisation of intangible assets	2,946	2,895
Interest payable and similar expenses	3,856	3,841
<i>Changes in:</i>		
Stocks	(144)	—
Trade and other debtors	(887)	120
Trade and other creditors	2,007	(182)
Deferred tax	153	(110)
Income tax	248	389
Cash generated from operations	6,164	5,880
Tax paid	(417)	(245)
Net cash generated from operating activities	<u>5,747</u>	<u>5,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(3,794)	(1,965)
Purchase of intangible assets	(371)	(199)
Net cash used in investing activities	<u>(4,165)</u>	<u>(2,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New Loan Drawn	3,000	—
Repayment of other financing (deferred consideration)	(2,624)	—
Treasury shares issued	4	(7)
Repayment of Loans - capital element	(3,100)	(3,250)
Repayment of Loans - interest only	(637)	(704)
Repayment of Loans - other fees	(110)	(48)
Net cash used in financing activities	<u>(3,467)</u>	<u>(4,009)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,885)	(538)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,831	3,369
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>946</u>	<u>2,831</u>

The notes on pages 16 to 30 form part of these financial statements.

Columbus Topco Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. GENERAL INFORMATION

Columbus Topco Limited ("the Company") is a private company limited by shares, domiciled and incorporated in England, United Kingdom. The address of the company's registered office and principle place of business is 74 North Street, Guildford, Surrey, GU1 4AW. The principal activity of the group during the year was the operation of Maths and English tuition centres throughout the United Kingdom and Texas USA.

2. STATEMENT OF COMPLIANCE

The consolidated and company financial statements of Columbus Topco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Principal accounting policies statement

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further below.

Functional and presentational currency

The consolidated financial statements are presented in Sterling, which is the company's functional currency. All amounts are rounded to the nearest thousand unless indicated otherwise.

Going concern

After reviewing the Group's result and forecast projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- (a) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- (b) from the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- (c) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings up to 31 December 2017.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors, which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

There are no differences in accounting policies across the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements and accounting estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Recognition of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Impairment reviews

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of an asset can be supported by its recoverable amount. In calculating an assets recoverable amount, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of: future cash flows derived from such assets using cash flow projections, expectations about possible variations in the amount or timing of those future cash flows and other factors such as changes in market interest rates and significant adverse changes in the technological, market, economic or legal environment in which the entity and group operates.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets and below for the useful economic lives for each class of asset.

Revenue recognition

Turnover comprises membership and joining fees excluding value added tax relating to the period. Turnover is recognised when payment is received for the right to attend the centre for periods relating to the year.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

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

Goodwill	-	12 years
Software licences	-	3 to 5 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

Fixtures and fittings	- 10% - 33% straight line
Computer Equipment	- 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued, when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

Financial liabilities

Basic financial liabilities, including trade and other payables and provisions for liabilities, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Transaction fees are spread over the life of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period the facility relates to.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Share capital

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

Treasury shares

Where the Group has established employee benefit trusts ('EBT') and is the sponsoring entity, notwithstanding the legal duties of the trustees, the Group considers that it has 'de facto' control of such entities. Such arrangements are accounted for as assets and liabilities of the sponsoring company and included in the consolidated financial statements as appropriate. The Company's equity instruments held by the EBT are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. TURNOVER

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017 £000	2016 £000
United Kingdom	45,667	42,786
United States of America	1,012	657
	<u>46,679</u>	<u>43,443</u>

5. OPERATING (LOSS) / PROFIT

Operating (loss) / profit or loss is stated after charging:

	2017 £000	2016 £000
Amortisation of intangible assets	2,946	2,895
Depreciation of tangible assets	2,460	2,557
Operating lease rentals	4,884	4,721
Foreign exchange differences	23	48
	<u> </u>	<u> </u>

6. AUDITORS' REMUNERATION

	2017 £000	2016 £000
Fees payable for the audit of the financial statements	<u>56</u>	<u>43</u>
Fees payable to the company's auditor and their associates for other services:		
Tax advisory services	<u>10</u>	<u>23</u>

7. STAFF COSTS

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

	2017 No.	2016 No.
Head Office Management Staff	76	61
Head Office Operational Staff	31	29
Head Office Part-Time Staff	7	—
Centre Managers	430	391
Part-time Centre Tutors	2,443	2,208
	<u>2,987</u>	<u>2,689</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £000	2016 £000
Wages and salaries	24,534	21,743
Social security costs	1,483	1,340
Other pension costs	402	427
	<u>26,419</u>	<u>23,510</u>

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

8. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £000	2016 £000
Remuneration	897	744
Company contributions to defined contribution pension plans	37	110
	<u>934</u>	<u>854</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017 £000	2016 £000
Aggregate remuneration	352	244
Company contributions to defined contribution pension plans	—	71
	<u>352</u>	<u>315</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £000	2016 £000
Interest on banks loans and overdrafts	639	704
Loan note interest	2,925	2,711
Amortisation of financing costs	199	176
Other interest payable and similar charges	93	250
	<u>3,856</u>	<u>3,841</u>

10. TAX ON LOSS

Major components of tax expense

	2017 £000	2016 £000
Current tax:		
UK current tax expense	381	447
Adjustments in respect of prior periods	(133)	(58)
Total current tax	<u>248</u>	<u>389</u>
Deferred tax:		
Origination and reversal of timing differences	39	47
Adjustments in respect of prior periods	114	(158)
Total deferred tax	<u>153</u>	<u>(111)</u>
Tax on loss	<u>401</u>	<u>278</u>

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

10. TAX ON LOSS *(continued)*

Reconciliation of tax expense

The tax assessed on the loss for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £000	2016 £000
Loss before taxation	(4,019)	(3,457)
Loss by rate of tax	(773)	(691)
Adjustment in respect of prior periods	(20)	(216)
Effect of expenses not deductible for tax purposes	1,000	270
Deferred tax not recognised	181	317
Amortisation	—	562
Other movements	13	36
Tax on loss	401	278

At 31 December 2017, the Group had an unrecognised deferred tax asset of £901,000 (2016: £1,024,000) as a result of accumulated losses.

Factors that may affect future tax expense

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Unrecognised deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. INTANGIBLE ASSETS

Group	Goodwill £000	Software licences £000	Total £000
Cost			
At 1 January 2017	34,196	368	34,564
Additions	—	371	371
At 31 December 2017	34,196	739	34,935
Accumulated Amortisation			
At 1 January 2017	11,241	128	11,369
Charge for the year	2,810	136	2,946
At 31 December 2017	14,051	264	14,315
Carrying amount			
At 31 December 2017	20,145	475	20,620
At 31 December 2016	22,955	240	23,195

The company has no intangible assets.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

12. TANGIBLE ASSETS

Group	Fixtures and fittings £000	Computer Equipment £000	Total £000
Cost			
At 1 January 2017	13,896	5,416	19,312
Additions	3,198	596	3,794
Disposals	(144)	(28)	(172)
At 31 December 2017	16,950	5,984	22,934
Accumulated Depreciation			
At 1 January 2017	5,236	3,550	8,786
Charge for the year	1,542	918	2,460
Disposals	(143)	(28)	(171)
At 31 December 2017	6,635	4,440	11,075
Carrying amount			
At 31 December 2017	10,315	1,544	11,859
At 31 December 2016	8,660	1,866	10,526

The company has no tangible assets.

13. FIXED ASSET INVESTMENTS

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

Name	Holding	Nature of the business	Country of incorporation or registration	Class of shares held	Percentage shareholding
Columbus Midco Limited	Direct	Holding company	UK	Ordinary	100.00
Columbus Bidco Limited	Indirect	Holding company	UK	Ordinary	100.00
Explore Learning Limited	Indirect	Operation of maths and English tuition centres	UK	Ordinary	100.00
Explore Horizons Incorporated	Indirect	Operation of maths and English tuition centres	USA	Ordinary	100.00

The results and position of the subsidiary undertakings at 31 December 2017 are:

	Registered Office	(Loss)/ profit £000	Net (liabilities)/ assets £000
Columbus Midco Limited	74 North Street, Guildford, UK	(2,583)	(11,744)
Columbus Bidco Limited	74 North Street, Guildford, UK	(813)	(6,606)
Explore Learning Limited	74 North Street, Guildford, UK	2,128	16,604
Explore Horizons Incorporated	5080 Spectrum Drive, Suite 530 East, Addison, Texas	6	599

Explore Learning Limited and Explore Horizons Incorporated are direct subsidiaries of Columbus Bidco Limited, which is a direct subsidiary of Columbus Midco Limited.

Explore Learning Limited, Explore Horizons Incorporated and Columbus Bidco Limited are therefore all indirect subsidiaries of Columbus Topco Limited.

The directors believe the carrying value of the investments are supported by their underlying assets.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

14. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Raw materials and consumables	<u>144</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

15. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts owed by group undertakings	—	—	3,040	3,051
Corporation tax repayable	47	—	—	—
Other debtors	215	—	4	5
Prepayments and accrued income	<u>1,649</u>	<u>972</u>	<u>—</u>	<u>—</u>
	<u>1,911</u>	<u>972</u>	<u>3,044</u>	<u>3,056</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Included in amounts owed by group undertakings is £1k (2016: £8k) owed by the Employee Benefit Trust, as disclosed in note 24.

16. CREDITORS: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	3,193	2,823	—	—
Trade creditors	1,349	1,098	—	—
Amounts owed to group undertakings	—	—	—	25
Corporation tax	—	152	—	—
Other taxes and social security	435	368	—	—
Deferred consideration	—	2,552	—	—
Other creditors	29	37	7	8
Accruals and deferred income	<u>5,252</u>	<u>3,525</u>	<u>—</u>	<u>—</u>
	<u>10,258</u>	<u>10,555</u>	<u>7</u>	<u>33</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	10,143	10,502	–	–
Loan notes	25,483	25,483	4,380	2,879
Accrued loan note interest	13,288	10,362	–	1,170
	<u>48,914</u>	<u>46,347</u>	<u>4,380</u>	<u>4,049</u>

Maturity of debt:

Group

	2017	2016
	£000	£000
In one year or less, or on demand	3,193	2,823
In more than one year but not more than two years	2,448	2,823
In more than two years but not more than five years	46,466	43,524
	<u>52,107</u>	<u>49,170</u>

Classified as:

Creditors: amounts falling due within one year (note 16)	3,193	2,823
Creditors: amounts falling due after more than one year (note 17)	48,914	46,347
	<u>52,107</u>	<u>49,170</u>

The unsecured loan notes were issued on the 22 August 2012 as part of the management buyout. The redemption date of the notes has been extended to 1 October 2022 and they carry an 8% interest charge.

The interest on the loan 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.

The Group's bank loan agreement terminates on 16 May 2019 and 16 May 2020 for facility A and B respectively. The facilities are subject to a margin rate of up to 4.25% and 4.75% based on leverage for facility A and B respectively. The loan is also subject to a LIBOR rate interest charge.

During the year Loan C was taken out for £3,000,000 on a margin of up to 4.5% plus LIBOR. The agreement terminates on the 16 May 2020.

The loan is secured by way of a fixed charge over all present leasehold property. In addition, there is a first fixed charge on present and future book and other debts plus a first floating charge over all present and future assets.

Transaction costs directly attributable to the loan have been capitalised as a reduction to the loan proceeds. These are being amortised over a five year period.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

17. CREDITORS: amounts falling due after more than one year *(continued)*

The replaced Investec loan agreement included a warrant instrument issued relating to warrants in registered form to subscribe for 38,961 A1 Ordinary Shares of £0.01 each in the capital of the Columbus Topco Limited. All 38,961 of the warrants were outstanding at 31 December 2017 and 31 December 2016 and are recorded at initial value.

18. PROVISIONS FOR LIABILITIES

Group	Dilapidations £000
At 1 January 2017 and 31 December 2017	<u>92</u>

The company does not have any provisions.

A dilapidation provision has been provided to fulfil the dilapidation obligations the Group has in relation to its leasehold property. It is expected that this expenditure will be incurred between now and the end of the lease.

19. DEFERRED TAX

The deferred tax asset relates to amounts falling due after more than one year and consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Accelerated capital allowances	261	420	—	—
Deferred tax - sundry timing differences	<u>24</u>	<u>18</u>	<u>—</u>	<u>—</u>
	<u>285</u>	<u>438</u>	<u>—</u>	<u>—</u>

20. EMPLOYEE BENEFITS

Defined contribution plans

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £402,000 (2016: £427,000). Contributions amounting to £50,000 (2016: £43,000) were payable to the fund and are included in creditors.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

21. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
A1 Ordinary shares of £0.01 each	671,774	7	671,774	7
A2 Ordinary shares of £0.10 each	103,226	10	103,226	10
B1 Ordinary shares of £0.50 each	155,000	77	155,000	77
B2 Ordinary shares of £0.01 each	72,500	1	65,000	1
	<u>1,002,500</u>	<u>95</u>	<u>995,000</u>	<u>95</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

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.

22. RESERVES

Called up share capital - There are four classes of ordinary shares which are all classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. There are no restrictions on the distribution of dividends and the repayment of capital.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Treasury share reserve - consists of shares repurchased by the Group's Employee Benefit Trust. At 31 December 2017 7,500 B2 ordinary shares (2016: 12,500 B2 ordinary shares) shares were held by the Employee Benefit Trust.

Other reserve - A warrant instrument dated 20 February 2013 was issued by the company relating to warrants in registered form to subscribe for 38,961 A1 Ordinary Shares of £0.01 each in the Capital of the company. All 38,961 of the warrants were outstanding at 31 December 2017 and 31 December 2016. This reserve represents the initial value of the warrant instrument issued by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Columbus Topco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

23. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Not later than 1 year	4,290	4,252	–	–
Later than 1 year and not later than 5 years	14,187	13,487	–	–
Later than 5 years	12,776	12,524	–	–
	<u>31,253</u>	<u>30,263</u>	<u>–</u>	<u>–</u>

24. RELATED PARTY TRANSACTIONS

Shareholders with significant influence over Columbus Topco Limited are owed amounts of £nil (2016: £1,030k). Interest on these amounts of £31k (2016: £86k) was charged to the profit and loss account on the terms set out in note 16. These same shareholders are also owed amounts in aggregate of £29,210k (2016: £27,006k). Interest on these amounts of £2,204k (2016: £2,043k) was charged to the profit and loss account on the terms set out in note 17.

There are two directors who hold loan notes in aggregate of £4,380k (2016: £4,049k). Interest on the loan notes is accrued, on a company basis every six months, at 8% per annum.

Mr W S Mills, a director of the group and company, is also a director of Highfield School (Liphook) Limited. During the year, the group was charged £8k (2016: £11k) for catering services and Mr W S Mills' private healthcare by Highfield School (Liphook) Limited. No balance was outstanding at the year end date (2016: £nil).

During the year, the Group remunerated H Light, a close family member of C Light, for services performed on behalf of Explore Learning Limited totalling £5k (2016: £8k). As at 31 December 2017 there were no amounts outstanding to be paid (2016: £nil).

Employee Benefit Trust

During 2015, the Company established an Employee Benefit Trust ("EBT"). This was funded by one of the Company's subsidiary undertakings, Explore Learning Limited, so that, among other things, it can acquire shares in the Company and in the future, be used in conjunction with any one or more employee share incentive schemes established for the benefit of the employees of the Company and for its subsidiaries.

At 31 December 2017, the Group was owed £1k (2016: £8k) representing the number of shares held by the trust. This amount is included in other debtors (see note 15).

25. CONTROLLING PARTY

The Company is owned by a number of shareholders and individually no shareholder is able to exert control. Therefore, the directors are of the opinion that there is no ultimate controlling party.