COMPANY REGISTRATION NUMBER: 08180821

Columbus Topco Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2018



Columbus Topco Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2018

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Columbus Topco Limited

Officers and Professional Advisers

THE BOARD OF DIRECTORS	C Light C J Scott 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 & statutory auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

Columbus Topco Limited

Strategic Report

For the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

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 2018, the Group operated 143 centres in the UK (2017: 137) with 33,867 members (2017: 32,242). During the year 6 new centres were opened (2017: 14) and no centres were closed (2017: 1). The Group operated 5 centres in the US (2017: 5) with 621 members (2017: 588). During the year 1 new centre was opened (2017: nil) and 1 centre was closed (2017: nil).

Review of the Business

As set out in the Consolidated Statement of Comprehensive Income on page 11, the company reported an 8.8% increase in turnover (2017: 7.5% increase), resulting in total turnover of £50.8m (2017: £46.7m). This increase was primarily due to the consolidated growth in existing centres and from an increase in the average price per member of £114.25 (2017: £111.50) an increase of 2.5%.

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

Key Performance Indicator:	2018	2017
Revenue	£50,808k	£46,679k
Revenue Growth	8.8%	7.5%
Revenue per member (a)	£114.25	£111.50
Operating Profit/(Loss) (b)	£(489)k	£(163)k
EBITDA (c)	£5,610k	£5,418k
Structuring EBITDA (d)	£6,442k	£6,449k
Number of centres (e)	148	142
Membership (e)	34,488	32,830

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 11

(c) EBITDA is defined as operating profit plus depreciation, amortisation and exceptional items

(d) Structuring EBITDA is defined as EBITDA plus start-up losses incurred in immature centres (less than 24mths old)

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

Review of the business *(continued)*

The operating loss in the year of £0.5m compared to an operating loss in 2017 of £0.2m, whilst EBITDA increased to £5.6m in 2018 from £5.4m in 2017. This was primarily due to an increase in depreciation and amortisation arising from the 14 new centres opened in 2017 and investments in IT systems such as HR and payroll. 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 flat year on year performance at £6,442k (2017: £6,449k).

Other non-financial KPIs monitored on a continual basis by management are membership levels which have increased by 5.1% between December 2017 and December 2018 and number of centres which have increased by 4.2%.

For the sixth year running, the Company has been ranked in The Sunday Times Best Companies - and for the second consecutive year finished 2nd in the 2018 Top 25 Best Big Companies to Work For, placing 1st in the Personal Growth and Training being of Great Benefit categories.

The Group continues to look at new expansion opportunities in terms of location and aims to open a further 6 to 8 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 major re-branding project, rolling out a new brand image to centres opening in 2019 and continuing 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.

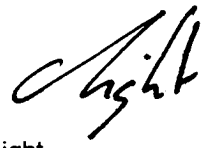
The Directors have considered the impact of the United Kingdom leaving the EU on the business and do not see this effecting the operations of the business, with the exception of the impact on the macro-economic factors as discussed above.

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, content and reward and recognition 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;
- Investments in key systems such as membership administration, payroll and HR.

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 06/06/19 and signed on behalf of the board by:



C Light
Director

Columbus Topco Limited

Directors' Report

For the Year Ended 31 December 2018

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2018.

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)
C J Scott (Appointed 1 July 2018)

Dividends

No dividends were proposed or declared during the year (2017: £nil).

Going Concern

After reviewing the Group's 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.

Future Developments

The Group continues to actively search for new locations in the United Kingdom and USA in which to open centres in 2019 whilst continuing the development of its curriculum for use across all centres.

Disabled Employees

Applications for employment by disabled person are always full 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.

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.

Financial risk management *(continued)*

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.

Cashflow risk
The Group cashflow risk is minimised by the structure of the Group's operations.

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.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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.

Directors' Confirmations

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.

Matters Covered in the Strategic Report

Disclosure of the company's business review and financial risk management are provided in the strategic report.

Independent auditors

The Auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

This report was approved by the board of directors on 06/06/19 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 2018 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and parent company statements of financial position as at 31 December 2018; the group statement of comprehensive income, the group statement of cash flows, and the group and parent company statements of changes in equity for 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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.

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.

Independent auditors' report to the members of Columbus Topco Limited

Report on the audit of the financial statements

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 2018 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 Statement of Directors' Responsibilities set out on page 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

Report on the audit of the financial statements

Charlotte Anderson

Charlotte Anderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
6 June 2019

Columbus Topco Limited

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 £000	2017 £000
TURNOVER	**4**	**50,808**	46,679
Cost of sales		**(37,210)**	(33,608)
GROSS PROFIT		**13,598**	13,071
Administrative expenses		**(14,087)**	(13,234)
OPERATING LOSS	**5**	**(489)**	(163)
Interest payable and similar expenses	**9**	**(4,022)**	(3,856)
LOSS BEFORE TAXATION		**(4,511)**	(4,019)
Tax on loss	**10**	**(257)**	(401)
LOSS FOR THE FINANCIAL YEAR		**(4,768)**	(4,420)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign locations		**35**	(55)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**35**	(55)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(4,733)**	(4,475)

All the activities of the group are from continuing operations.

The notes on pages 17 to 32 form part of these financial statements.

Columbus Topco Limited

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Intangible assets	11	**17,957**	20,620
Tangible assets	12	**12,466**	11,859
		30,423	32,479
CURRENT ASSETS			
Stocks	14	**148**	144
Debtors	15	**2,733**	1,911
Deferred tax asset	15	**225**	285
Cash at bank and in hand		**1,272**	946
		4,378	3,286
CREDITORS: amounts falling due within one year	16	**(8,885)**	(10,258)
NET CURRENT LIABILITIES		**(4,507)**	(6,972)
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,916**	25,507
CREDITORS: amounts falling due after more than one year	17	**(54,029)**	(48,914)
PROVISIONS FOR LIABILITIES	18	**(118)**	(92)
NET LIABILITIES		**28,231**	23,499
CAPITAL AND RESERVES			
Called up share capital	21	**95**	95
Share premium account	22	**97**	96
Other reserves	22	**4**	4
Treasury shares	22	**(4)**	(4)
Accumulated losses	22	**(28,423)**	(23,690)
TOTAL EQUITY		**(28,231)**	(23,499)

These financial statements on pages 11 to 32 were approved by the board of directors on 06/06/19, and signed for by:

C Light
Director

Company registration number: 08180821

The notes on pages 17 to 32 form part of these financial statements.

Columbus Topco Limited

Company Statement of Financial Position

As at 31 December 2018

	Note	2018 £000	2017 £000
CURRENT ASSETS			
Debtors	15	3,084	3,084
Cash at bank and in hand		–	1
		3,084	3,085
CREDITORS: amounts falling due within one year	16	(442)	(47)
NET CURRENT ASSETS		2,642	3,038
TOTAL ASSETS LESS CURRENT LIABILITIES		2,642	3,038
CREDITORS: amounts falling due after more than one year	17	(4,324)	(4,380)
NET LIABILITIES		1,682	1,342
CAPITAL AND RESERVES			
Called up share capital	21	95	95
Share premium account	22	97	96
Other reserves	22	4	4
Treasury shares	22	(4)	(4)
Accumulated losses	22	(1,874)	(1,533)
TOTAL EQUITY		(1,682)	(1,342)

LOSS FOR THE YEAR OF THE PARENT COMPANY

The loss for the financial year of the parent company was £341,000 (2017: £349,000).

These financial statements on pages 11 to 32 were approved by the board of directors on 06/06/19, and signed for by:

C Light
Director

Company registration number: 08180821

The notes on pages 17 to 32 form part of these financial statements.

Columbus Topco Limited

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2018

	Called up share capital £000	Share premium account £000	Other reserves £000	Treasury shares £000	Accumulated losses £000	**Total £000**
AT 1 JANUARY 2017	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 INCOME 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)**
Loss for the year					(4,768)	**(4,768)**
Other comprehensive income for the year:						
Foreign currency retranslation	–	–	–	–	35	**35**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	–	–	(4,733)	**(4,733)**
Issue of shares	–	1	–	–	–	**1**
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	–	1	–	–	–	**1**
AT 31 DECEMBER 2018	95	97	4	(4)	(28,423)	**(28,231)**

The notes on pages 17 to 32 form part of these financial statements.

Columbus Topco Limited

Company Statement of Changes in Equity

For the Year Ended 31 December 2018

	Called up share capital £000	Share premium account £000	Other reserves £000	Treasury shares £000	Accumulated losses £000	**Total £000**
AT 1 JANUARY 2017	95	92	4	(8)	(1,184)	(1,001)
Loss for the year	—	—	—	—	(349)	(349)
TOTAL COMPREHENSIVE INCOME 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	95	96	4	(4)	(1,533)	**(1,342)**
Loss for the year	—	—	—	—	(341)	**(341)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	–	–	(341)	**(341)**
Issue of shares	–	1	–	–	–	**1**
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	–	1	–	–	–	**1**
AT 31 DECEMBER 2018	95	97	4	(4)	(1,874)	**(1,682)**

The notes on pages 17 to 32 form part of these financial statements.

Columbus Topco Limited

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2018

	2018 £000	2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(4,511)**	(4,019)
Adjustments for:		
Depreciation of tangible assets	**2,902**	2,460
Amortisation of intangible assets	**3,058**	2,946
Interest payable and similar expenses	**4,022**	3,856
Loss on disposal of tangible assets	**12**	–
Changes in:		
Stocks	**(4)**	(144)
Trade and other debtors	**(782)**	(887)
Trade and other creditors	**383**	2,007
Provisions and employee benefits	**26**	–
Cash generated from operations	**5,106**	6,219
Tax paid	**(235)**	(417)
Net cash generated from operating activities	**4,871**	5,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	**(3,522)**	(3,794)
Purchase of intangible assets	**(395)**	(371)
Net cash used in investing activities	**(3,917)**	(4,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Treasury shares issued	**1**	4
Proceeds of bank borrowings	**1,250**	3,000
Repayment of bank borrowings	**(750)**	(3,100)
Interest paid	**(622)**	(637)
Loan note interest paid	**(75)**	–
Repayment of Loans - other fees	**(239)**	(110)
Repayment of other financing (management loans)	**(225)**	–
Repayment of other financing (deferred consideration)	**–**	(2,624)
Net cash used in financing activities	**(660)**	(3,467)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**294**	(1,830)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**32**	(55)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**946**	2,831
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,272**	946

The notes on pages 17 to 32 form part of these financial statements.

Columbus Topco Limited

Notes to the Financial Statements

For the Year Ended 31 December 2018

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.

Going concern

After reviewing the Group's results 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.

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.

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 2018.

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:

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.

Taxation

Taxation expense for the period 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.

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.

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.

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 either the EBT or the Company.

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:

	2018	2017
	£000	£000
United Kingdom	**49,590**	45,667
United States of America	**1,218**	1,012
	50,808	46,679

5. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2018	2017
	£000	£000
Amortisation of intangible assets	**3,058**	2,946
Depreciation of tangible assets	**2,902**	2,460
Loss on disposal of tangible assets	**12**	–
Operating lease rentals	**5,258**	4,884
Foreign exchange differences	**10**	23

6. AUDITOR'S REMUNERATION

	2018	2017
	£000	£000
Fees payable for the audit of the financial statements	**60**	56
Fees payable to the company's auditor and their associates for other services:		
Taxation advisory services	**16**	10

7. STAFF COSTS

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

	2018	2017
	No.	No.
Head Office Management Staff	**80**	76
Head Office Operational Staff	**24**	31
Head Office Part-Time Staff	**2**	7
Centre Managers	**461**	430
Part-time Centre Tutors	**2,642**	2,443
	3,209	2,987

7. STAFF COSTS *(continued)*

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

	2018 £000	2017 £000
Wages and salaries	**26,760**	24,534
Social security costs	**1,809**	1,483
Other pension costs	**540**	402
	29,109	26,419

8. DIRECTORS' REMUNERATION

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

	2018 £000	2017 £000
Remuneration	**744**	897
Company contributions to defined contribution pension plans	**24**	37
	768	934

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

	2018 £000	2017 £000
Aggregate remuneration	**321**	352

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £000	2017 £000
Interest on banks loans and overdrafts	**622**	639
Loan note interest	**3,150**	2,925
Amortisation of financing costs	**250**	199
Other interest payable and similar charges	**–**	93
	4,022	3,856

10. TAX ON LOSS

Major components of tax income

	2018 £000	2017 £000
Current tax:		
UK current tax income	**278**	381
Adjustments in respect of prior periods	**(85)**	(133)
Total current tax	**193**	248

10. TAX ON LOSS *(continued)*

	2018 £000	2017 £000
Deferred tax:		
Origination and reversal of timing differences	**63**	39
Adjustments in respect of prior periods	**1**	114
Total deferred tax	**64**	153
Tax on loss	**257**	401

Reconciliation of tax expense

The tax assessed on the loss for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £000	2017 £000
Loss before taxation	**(4,511)**	(4,019)
Loss by rate of tax	**(857)**	(773)
Adjustment to tax charge in respect of prior periods	**(107)**	(20)
Effect of expenses not deductible for tax purposes	**1,050**	1,000
Deferred tax not recognised	**178**	181
Other movements	**(7)**	13
Tax on loss	**257**	401

At 31 December 2018, the Group had an unrecognised deferred tax asset of £889,000 (2017: £901,000) as a result of accumulated losses.

Factors that may affect future tax expense

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) has been enacted. 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 2018	34,196	739	**34,935**
Additions	–	395	**395**
At 31 December 2018	34,196	1,134	**35,330**
Amortisation			
At 1 January 2018	14,051	264	**14,315**
Charge for the year	2,810	248	**3,058**
At 31 December 2018	16,861	512	**17,373**
Carrying amount			
At 31 December 2018	**17,335**	**622**	**17,957**
At 31 December 2017	20,145	475	20,620

12. TANGIBLE ASSETS

Group	Fixtures and fittings £000	Computer Equipment £000	Total £000
Cost			
At 1 January 2018	16,950	5,984	**22,934**
Additions	3,035	487	**3,522**
Disposals	(179)	(50)	**(229)**
At 31 December 2018	19,806	6,421	**26,227**
Depreciation			
At 1 January 2018	6,635	4,440	**11,075**
Charge for the year	2,002	900	**2,902**
Disposals	(166)	(50)	**(216)**
At 31 December 2018	8,471	5,290	**13,761**
Carrying amount			
At 31 December 2018	**11,335**	**1,131**	**12,466**
At 31 December 2017	10,315	1,544	11,859

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 2018 are:

Name	*Registered Office*	*Profit/(loss) £000*	*Net assets £000*
Columbus Midco Limited	74 North Street, Guildford, UK	(£2,667k)	(£14,411k)
Columbus Bidco Limited	74 North Street, Guildford, UK	(£759k)	(£7,365k)
Explore Learning Limited	74 North Street, Guildford, UK	£1,821k	£18,425k
Explore Horizons Incorporated	5080 Spectrum Drive, Suite 530 East, Addison, Texas	($11k)	($799k)

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.

14. STOCKS

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Raw materials and consumables	**148**	144	–	–

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.

15. DEBTORS

Debtors falling due within one year are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Amounts owed by group undertakings	**–**	–	**3,080**	3,080
Prepayments and accrued income	**2,379**	1,649	**–**	–
Corporation tax receivable	**90**	47	**–**	–
Other debtors	**264**	215	**4**	4
	2,733	1,911	**3,084**	3,084

Debtors falling due after one year are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Deferred tax asset	**225**	285	**–**	–

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

16. CREDITORS: amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Loan notes	**50**	–	**50**	–
Accrued loan note interest	**50**	–	**50**	–
Bank loans and overdrafts	**1,339**	3,193	**–**	–
Trade creditors	**1,355**	1,349	**–**	–
Amounts owed to group undertakings	**–**	–	**335**	40
Accruals and deferred income	**5,626**	5,252	**7**	7
Social security and other taxes	**412**	435	**–**	–
Other creditors	**53**	29	**–**	–
	8,885	10,258	**442**	47

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

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Bank loans and overdrafts	**12,508**	10,143	**–**	–
Loan notes	**25,058**	25,483	**2,454**	2,879
Accrued loan note interest	**16,463**	13,288	**1,870**	1,501
	54,029	48,914	**4,324**	4,380

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

Maturity of debt:

Group

	2018 £000	2017 £000
In one year or less, or on demand	**1,439**	3,193
In more than one year but not more than two years	**2,730**	2,448
In more than two years but not more than five years	**51,299**	46,466
	55,468	52,107

Classified as:

Creditors: amounts falling due within one year (note 16)	**1,439**	**3,193**
Creditors: amounts falling due after more than one year (note 17)	**54,029**	**48,914**
	55,468	**52,107**

The unsecured loan notes were issued on 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 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 29 March 2022 for all facilities. The facilities are subject to a margin rate of up to 4.25%, 4.75% and 4.25% based on leverage for facility A, B and the Capex facility. The loan is also subject to a LIBOR rate interest charge.

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 bank loan have been capitalised as a reduction to the loan proceeds. These are being amortised over a four year period.

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 2018 and 31 December 2017 and are recorded at initial value.

18. PROVISIONS FOR LIABILITIES

Group	**Dilapidations £000**
At 1 January 2018	**92**
Additions	**26**
At 31 December 2018	**118**

18. PROVISIONS FOR LIABILITIES *(continued)*

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

19. DEFERRED TAX

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Included in debtors (note 15)	**225**	285	**–**	–

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Accelerated capital allowances	**196**	261	**–**	–
Other timing differences	**29**	24	**–**	–
	225	285	**–**	–

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 £540,000 (2017: £402,000). Contributions amounting to £81,000 (2017: £50,000) were payable to the fund and are included in creditors.

21. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2018		2017	
	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 £0.509999 each	**155,000**	**77**	155,000	77
B2 Ordinary shares of £0.01 each	**75,000**	**1**	72,500	1
	1,005,000	**95**	1,002,500	95

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

21. CALLED UP SHARE CAPITAL *(continued)*

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 2018 7,500 B2 ordinary shares (2017: 7,500 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 2018 and 31 December 2017. 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.

23. OPERATING LEASES

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Not later than 1 year	**4,700**	4,290	**–**	–
Later than 1 year and not later than 5 years	**15,616**	14,187	**–**	–
Later than 5 years	**14,127**	12,776	**–**	–
	34,443	31,253	**–**	–

24. RELATED PARTY TRANSACTIONS

Shareholders with significant influence over Columbus Topco Limited are owed amounts of £nil (2017: £nil). Interest on these amounts of £nil (2017: £31k) 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 £31,594k (2017: £29,210k). Interest on these amounts of £2,384k (2017: £2,204k) 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 £4,424k (2017: £4,380k). Interest on the loan notes is accrued, on a company basis every six months, at 8% per annum.

W Mills, a director of the group and company, is also a director of Highfield School (Liphook) Limited. During the year, the group was charged £7k (2017: £8k) for catering services and W Mills' private healthcare by Highfield School (Liphook) Limited. No balance was outstanding at the year end date (2017: £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 £4k (2017: £5k). As at 31 December 2018 there were no amounts outstanding to be paid (2017: £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 2018, the Group was owed £4k (2017: £4k) representing the number of shares held by the trust.

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.