

Company Registration Number 04163300

TRIBAL EDUCATION LIMITED

Report and Financial Statements

31 December 2011

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TRIBAL EDUCATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S D Breach (appointed 1 January 2011)
K M Evans (appointed 28 April 2011)

REGISTERED OFFICE

1-4 Portland Square
Bristol
BS2 8RR

BANKERS

Bank of Scotland plc
PO Box 112
Canon's House
Canon's Way
Bristol
BS99 7LB

SOLICITORS

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

AUDITOR

Deloitte LLP
Bristol

TRIBAL EDUCATION LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is a wholly-owned subsidiary of Tribal Group plc (the "Group") The company's principal activity is the management and delivery of education services

As shown in the company's profit and loss account on page 7, the company has generated revenues of £103,973,000 for the year ended 31 December 2011 (2010 £102,522,000) The company's gross margin for the year has increased to 39% (2010 36%) despite the challenging commercial environment regarding public sector contracting in the UK, as a result of cost restructuring in the year

Details of amounts owed by and to other group companies are shown in notes 13, 14 and 15

The Group manages its operations by business stream For this reason, the company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business The performance of the Group's business streams is discussed in the Group's Annual Report which does not form part of this report

PRINCIPAL RISKS AND UNCERTAINTIES

In the current challenging economic climate, the most significant risks the company is facing relate to uncertainty in Government policy, pressure on public sector spending and increased competition The increasing international expansion of the business introduces operational and financial risk

Group risks are discussed in the Group's Annual Report which does not form part of this report

RESULTS AND DIVIDENDS

The profit for the year after taxation was £6,407,000 (2010 £2,236,000) Dividends paid in the year were £3,000,000 (2010 £5,500,000)

DIRECTORS

The current directors of the company, with dates of appointment, are as shown on page 1 J W Garnett and P J Martin resigned as directors on 28 April 2011, C D Ake resigned as a director on 15 August 2011

FUTURE PROSPECTS

The directors are satisfied with the results for the period and look forward to continued success in the future

GOING CONCERN

As highlighted in note 1 to the financial statements, Tribal Education Limited is party to the Tribal Group plc banking facilities and the Group meets its day-to-day working capital requirements via a £30m credit facility, which is not due for renewal until 2015, and has a combined bonding and overdraft facility of £10m, which is renewable annually in March

The Group's forecasts and projections, which allow for reasonably possible changes in trading performance, show that the Group will have adequate headroom against the committed facility across the forecast period As a consequence, the directors believe that the Group is well-placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries and on the basis set out above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

TRIBAL EDUCATION LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company and do not believe there to be significant risks in this area. The company does not enter into any hedging instruments, as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Tribal Group plc financing arrangements.

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. Creditor days for the year are 16 days (2010: 10 days).

ENVIRONMENT

Tribal Group plc recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with Group policies, which are described in the Group's Annual Report which does not form part of this Report.

EMPLOYEES

Details of the number of employees and related costs can be found in notes 3 and 4 to the financial statements.

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

TRIBAL EDUCATION LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

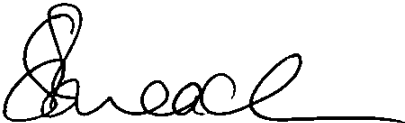
Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to remain in office as the company's auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



S D Breach
Director

3/9/12

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TRIBAL EDUCATION LIMITED**

We have audited the financial statements of Tribal Education Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



John Clennett (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

6 September 2012

TRIBAL EDUCATION LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
TURNOVER	1	103,973	102,522
Cost of sales		(63,093)	(65,809)
GROSS PROFIT		40,880	36,713
Administrative expenses		(32,298)	(32,263)
OPERATING PROFIT	2	8,582	4,450
Interest receivable and similar income	5	22	47
Interest payable and similar charges	6	-	(4)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,604	4,493
Tax on profit on ordinary activities	7	(2,197)	(2,257)
PROFIT FOR THE FINANCIAL YEAR	18	6,407	2,236

All of the company's operations are classified as continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		6,407	2,236
Actuarial loss on defined benefit pension plan	20	(83)	(9)
Associated deferred tax		21	3
Total recognised gains for the year		6,345	2,230

TRIBAL EDUCATION LIMITED

BALANCE SHEET At 31 December 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	9	59,031	61,842
Tangible assets	10	1,623	2,207
Investments	11	368	1,032
		<u>61,022</u>	<u>65,081</u>
CURRENT ASSETS			
Stocks	12	332	610
Debtors	13	20,596	17,353
Cash at bank and in hand	23	6,026	10,029
		<u>26,954</u>	<u>27,992</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(38,221)</u>	<u>(38,155)</u>
NET CURRENT LIABILITIES		<u>(11,267)</u>	<u>(10,163)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		49,755	54,918
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(34,646)	(43,351)
NET PENSION LIABILITY	20	(269)	(108)
NET ASSETS		<u>14,840</u>	<u>11,459</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	17	1	1
Share premium account		6,699	6,699
Capital contribution	18	43	25
Currency translation reserve	18	135	115
Profit and loss account	18	7,962	4,619
SHAREHOLDERS' FUNDS	19	<u>14,840</u>	<u>11,459</u>

The financial statements of Tribal Education Limited, registered number 04163300, were approved by the Board of Directors and authorised for issue on 3 September 2012

Signed on behalf of the Board of Directors



S D Breach
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1. ACCOUNTING POLICIES

Basis of preparation

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

The particular accounting policies adopted, which have been consistently applied throughout the current and the prior financial year, are described below

Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements

Tribal Education Limited is party to the Tribal Group plc banking facilities and the Group meets its day-to-day working capital requirements via a £30m credit facility, which is not due for renewal until 2015, and has a combined bonding and overdraft facility of £10m, which is renewable annually in March

The Group's forecasts and projections, which allow for reasonably possible changes in trading performance, show that the Group will be cash-generative across the forecast period. As a consequence, the directors believe that the Group is well-placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries and on the basis set out above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Group accounts

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

Cash flow statement

Under Financial Reporting Standard (FRS) 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

Turnover

Revenue is measured at the fair value of the consideration receivable from the provision of goods and services to third party customers in the normal course of business. Revenue is stated exclusive of VAT, sales tax and trade discounts. The particular recognition policies applied in respect of short-term or repeat service contracts are as set out below:

- Revenue from the sale of goods and services (including Measurement, Compliance and Delivery services) is recognised upon transfer to the customer of the risks and rewards of ownership. This is generally when goods are despatched to, or services performed for, customers.
- Revenue on software licences is recognised on transfer to the customer of the risks and rewards of ownership providing there are no unfulfilled obligations that are essential to the functionality of the product. If such obligations exist, revenue is recognised as they are fulfilled. Revenues for arrangements that involve significant production, modification, or customisation of the software are recognised on a time-and-material basis, or using the percentage of completion method, based on direct labour costs incurred to date as a percentage of total estimated project costs required to complete the project.
- Revenue from contracts for maintenance and support is recognised on a pro-rata basis over the contract period.
- Revenue from implementation, consultancy and other services is recognised when the service has been provided, and
- Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

In addition to this, the Group has long-term contracts for the provision of more complex, project-based services. Where the outcome of such long-term project-based contracts can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the project at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent that they have been agreed with the customer, or are virtually certain of being received.

Where the outcome of a long-term project-based contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs that it is probable will be recovered. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Pre-contract costs are expensed as incurred until the Group is virtually certain of being awarded the contract, usually once the "preferred bidder" stage is reached. To the extent that they are expected to be recovered over the contract term, bid costs are capitalised from this point, and amortised over the life of the contract.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the fair value of the consideration given over the fair values of the separable net assets acquired. In accordance with FRS 10 "Goodwill and Intangible Assets", goodwill is included within intangible fixed assets and is amortised on a straight-line basis over its estimated useful life, with a maximum of 20 years, subject to any provision required for impairment.

A formal review of the carrying value of goodwill is carried out at the end of the first full financial year following the related acquisition, and at any point where events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the amount of purchase consideration is contingent on one or more future events, the cost of acquisition includes a reasonable estimate of the fair value of amounts expected to be payable in the future. The cost of acquisition is adjusted when revised deferred consideration estimates are made, with consequential adjustments continuing to be made to goodwill until the ultimate deferred consideration is known, in accordance with FRS 7.

Where the value of goodwill is revised under FRS 7, the revised carrying value is amortised over the remaining useful economic life.

In the event of a disposal or closure of the business, the remaining unamortised goodwill is written off through the profit and loss account.

Investments

Investments held as fixed assets are shown at cost less provision for any diminution in value.

Foreign currencies

Transactions in currencies other than pounds Sterling are recorded at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date, with differences recognised in profit or loss in the period in which they arise.

The assets and liabilities of the company's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised directly within equity in the company's translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011**1. ACCOUNTING POLICIES (continued)**

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Government grants

Government grants are recognised over the periods necessary to match them with the related costs and are deducted in reporting the related expense

Related party transactions

As the company is a wholly-owned subsidiary of Tribal Group plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

Research and development expenditure

Research expenditure is written off in the period in which it is incurred. Development expenditure represents expenditure of a revenue nature in establishing new products of the company. Such expenditure is capitalised as an intangible asset and amortised over a period of three years once the development is complete.

The directors review the capitalised development expenditure on an ongoing basis and, where appropriate, provide for any impairment in value.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value (based on prices prevailing at the date of acquisition) of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	over the life of the lease
Fixtures and fittings	20% to 25% per annum
Computer equipment	33% per annum
Motor vehicles	33% per annum
Office equipment	20% to 25% per annum

Tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2011**1. ACCOUNTING POLICIES (continued)****Pension costs**

Tribal Group operates various defined contribution pension schemes that are established in accordance with employment terms set by the subsidiary undertakings. The assets of these schemes are held separately from those of the Tribal Group in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

A certain number of employees participate in a defined benefit scheme. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. The interest cost and the expected return on assets are shown as finance costs or credits. Actuarial gains or losses are recognised immediately in the statement of total recognised gains and losses.

Stocks

Stocks and work in progress, other than long-term contracts, are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and a share of production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Share-based payments

The company participates in a number of Tribal Group plc executive and employee share option schemes. For all grants of share options, the fair value as at the date of grant is calculated using the stochastic model and the corresponding expense is recognised on a straight-line basis over the vesting period based on the company's estimation of shares that will actually vest.

For any lapses or cancellations of share options in the period, the related share-based payment charge accrued on the lapsed or cancelled options is transferred from the capital contribution reserve to the profit and loss reserve.

2. OPERATING PROFIT	2011	2010
	£'000	£'000
Operating profit is stated after charging		
Auditor's remuneration - audit	65	46
Depreciation - owned assets	1,089	1,028
Amortisation of goodwill	3,964	3,985
Amortisation of development costs	1,354	997
Rentals under operating leases		
- land and buildings	1,064	1,193
- other	189	205
	<u> </u>	<u> </u>

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2011

3. DIRECTORS' REMUNERATION	2011	2010
	£'000	£'000
Aggregate emoluments	504	378
Pension contributions	23	26
	<u>527</u>	<u>404</u>
The number of directors for whom retirement benefits were accruing was as follows	No.	No.
Defined contribution pension scheme	-	2
Remuneration of the highest paid director	£'000	£'000
Emoluments	253	215
Company contributions to money purchase schemes	13	18
	<u>266</u>	<u>233</u>

During the year, S D Breach and P J Martin were directors of Tribal Group plc and their emoluments and pension details are disclosed in the Group accounts. Where the directors are remunerated by Tribal Group plc for their services to the Group as a whole, it is not practicable to allocate their remuneration between their services as directors of this company and their services as directors of other Group companies.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2011**4. INFORMATION REGARDING EMPLOYEES**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2011 No.	2010 No.
Administration	250	188
Operations	1,071	981
	<u>1,321</u>	<u>1,169</u>

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	43,658	38,347
Social security costs	3,713	4,047
Other pension costs	3,002	2,503
Share-based payment charge/(credit)	16	(66)
	<u>50,389</u>	<u>44,831</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Bank interest	22	45
Other interest	-	2
	<u>22</u>	<u>47</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Bank interest	-	4
	<u>-</u>	<u>4</u>

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2011 £'000	2010 £'000
Current tax		
Corporation tax on profits for the year	2,508	2,803
Adjustments in respect of prior periods	-	(482)
	<u>2,508</u>	<u>2,321</u>
Deferred tax		
Origination and reversal of timing differences	(311)	(64)
	<u>(311)</u>	<u>(64)</u>
Tax on profit on ordinary activities	<u>2,197</u>	<u>2,257</u>

The prior year's current tax balances above have been restated to amend the allocation between the two categories

The standard rate of tax for the year was 26.5% (2010: 28%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

	£'000	£'000
Profit on ordinary activities before taxation	<u>8,604</u>	<u>4,493</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	2,280	1,258
Effects of		
Expenses not deductible for tax purposes	(357)	110
Amortisation of goodwill	1,050	1,111
Differences between capital allowances and depreciation	(5)	13
Movement in short-term timing differences	73	69
Adjustments in respect of prior periods	-	(240)
Transfer pricing adjustments	(533)	-
Current tax charge	<u>2,508</u>	<u>2,321</u>

The company is not aware of any factors that will materially affect the future tax charge apart from the phased reduction in corporation tax rates to 23% by 2014

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

8. DIVIDENDS		2011	2010
		£'000	£'000
Dividend paid			
£3,000 (2010 £5,500) per ordinary share		<u>3,000</u>	<u>5,500</u>
9. INTANGIBLE FIXED ASSETS			
	Goodwill	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 January 2011	78,854	9,011	87,865
Additions	-	3,558	3,558
Disposals	-	(1,504)	(1,504)
At 31 December 2011	<u>78,854</u>	<u>11,065</u>	<u>89,919</u>
Amortisation			
At 1 January 2011	19,900	6,123	26,023
Charge for the year	3,964	1,354	5,318
Disposals	-	(453)	(453)
At 31 December 2011	<u>23,864</u>	<u>7,024</u>	<u>30,888</u>
Net book value			
At 31 December 2011	<u>54,990</u>	<u>4,041</u>	<u>59,031</u>
At 31 December 2010	<u>58,954</u>	<u>2,888</u>	<u>61,842</u>

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

10. TANGIBLE FIXED ASSETS

	Short leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost						
At 1 January 2011	1,327	849	5,588	15	458	8,237
Additions	38	-	444	-	25	507
Disposals	(352)	(124)	(612)	(15)	(182)	(1,285)
At 31 December 2011	1,013	725	5,420	-	301	7,459
Depreciation						
At 1 January 2011	841	768	4,038	15	368	6,030
Charge for the year	151	43	849	-	46	1,089
Disposals	(352)	(124)	(610)	(15)	(182)	(1,283)
At 31 December 2011	640	687	4,277	-	232	5,836
Net book value						
At 31 December 2011	373	38	1,143	-	69	1,623
At 31 December 2010	486	81	1,550	-	90	2,207

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

11. INVESTMENTS

	Shares in subsidiary undertakings £'000	Other listed investments £'000	Total £'000
Cost			
At 1 January 2011 and 31 December 2011	14,240	1	14,241
Impairment			
At 1 January 2011	13,209	-	13,209
Impairment	664	-	664
At 31 December 2011	13,873	-	13,873
Net book value			
At 31 December 2011	367	1	368
At 31 December 2010	1,031	1	1,032

On 29 July 2010, the company acquired 100% of the issued share capital of Class Measures Limited, obtaining control of Class Measures Inc, a US provider of school inspection and improvement services and teacher licensure programme, for total consideration of up to \$1.6m. The total consideration is made up as follows:

- initial consideration of \$500,000 in cash
- further consideration of up to \$1.1m in cash upon confirmation of Class Measures' profits for the two years to 31 December 2011

During the year, it was deemed that the further consideration would not be payable and as such the investment has been impaired by £664,000.

The company holds interests in the following companies incorporated in Great Britain:

Name	Proportion of ordinary shares	Principal activity
Tribal Hubs Limited	100%	Dormant
Tribal Property Limited	100%	Property management service
Class Measures Limited	100%	Management consultancy services

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

12. STOCKS	2011 £'000	2010 £'000
Work in progress	115	275
Finished goods and goods for resale	217	335
	<u>332</u>	<u>610</u>
13. DEBTORS	2011 £'000	2010 £'000
Trade debtors	10,112	9,939
Amounts receivable from group undertakings	1,691	73
Deferred tax	876	593
Other debtors	314	314
Prepayments and accrued income	7,603	6,434
	<u>20,596</u>	<u>17,353</u>
Deferred tax asset	£'000	£'000
Opening deferred tax asset	593	570
Profit and loss account credit	283	23
Closing deferred tax asset	<u>876</u>	<u>593</u>
Deferred tax asset consists of the following amount	£'000	£'000
Differences between capital allowances and depreciation	660	442
Other short-term timing differences	216	151
	<u>876</u>	<u>593</u>
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2011 £'000	2010 £'000
Trade creditors	2,837	1,865
Amounts owed to group undertakings	1,986	96
Corporation tax	2,317	2,453
Other taxation and social security	2,770	5,579
Other creditors	823	1,510
Accruals and deferred income	27,488	26,652
	<u>38,221</u>	<u>38,155</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011	2010
	£'000	£'000
Amounts owed to group undertakings	<u>34,646</u>	<u>43,351</u>

16. SHARE-BASED PAYMENTS

The company participates in the following Tribal Group plc share option schemes its long-term incentive plan ('LTIP') and its savings related share option scheme ('SAYE')

LTIP

Awards made to eligible employees under the LTIP are nil cost options with an award period of four years. The extent to which an award vests is measured by reference to the growth of the Group's adjusted diluted earnings per share over the performance period of three financial years.

SAYE

The SAYE scheme provides for a purchase price equal to mid market value at date of grant. For grants prior to January 2005, a discount to market value of 20% was applied. All schemes prior to 2008 are three-year savings schemes. The 2008 SAYE scheme was granted at a discount to market value of 20% and was available as a three, five or seven-year scheme. Options are forfeited if the employee leaves the Group before the options vest.

The company recognised the following expenses related to share-based payment transactions

	2011	2010
	£'000	£'000
LTIP	22	(75)
SAYE	(6)	9
	<u>16</u>	<u>(66)</u>

During the year ended 31 December 2011, there were no SAYE grants in the year. The credit of £6,000 in the year relates to grants made in prior years.

During the year ended 31 December 2011, options under the LTIP scheme were granted in June 2011 with an associated charge of £22,000.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

16. SHARE-BASED PAYMENTS (continued)

The fair value of the options is measured by use of the stochastic models. The inputs into the stochastic option pricing model are as follows:

	2011 LTIP
Share price	£0.49
Exercise price	£nil
Expected volatility	62.3%
Expected life (years)	3.0
Risk-free rate	1.3%
Expected dividend yield	5.3%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the term commensurate with the expected term immediately prior to the date of grant. For SAYE valuations, the model reflects the fact that the options are exercisable only for a short period of six months following their vesting. An expected life of three years and three months is the mid-point between the vesting and expiry dates.

17. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

18. RESERVES

	Capital contribution £'000	Currency translation reserve £'000	Profit and loss account £'000
At 1 January 2011	25	115	4,619
Profit for the financial year	-	-	6,407
Share-based payment charge	16	-	-
Transfer	2	-	(2)
Currency translation difference on foreign currency net investments	-	20	-
Other recognised losses (net)	-	-	(62)
Dividend paid	-	-	(3,000)
At 31 December 2011	<u>43</u>	<u>135</u>	<u>7,962</u>

The transfer of £2,000 represents share options exercised and lapsed during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Opening shareholders' funds	11,459	14,680
Profit for the financial year	6,407	2,236
Dividend paid	(3,000)	(5,500)
Share-based payment credit/(charge)	16	(66)
Currency translation difference on foreign currency net investments	20	115
Other recognised losses (net)	(62)	(6)
Closing shareholders' funds	14,840	11,459

20. PENSION SCHEMES

Defined Contribution Schemes

The company contributes to individuals' defined contribution schemes. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £1,319,000 (2010 £1,961,000). Contributions of £140,000 (2010 £318,000) were outstanding at the year-end.

Defined Benefit Schemes

During the year, the company continued to participate in the Prudential Platinum Pension Fund ("PPP") and entered the Federated Pension Plan ("FPP") during the year, both are defined benefit arrangements.

Prudential Platinum Pension Fund

The PPP Scheme was created on 1 August 2009. An actuarial valuation of the PPP scheme was carried out by a qualified independent actuary as at 31 December 2011.

Employer contributions amounting to £26,000 were paid in the year ended 31 December 2011 (2010 £26,000).

The assets of the PPP Scheme have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under FRS 17 are:

	2011 % per annum	2010 % per annum
Inflation	2.50	3.50
Salary increases	3.50	4.50
Rate of discount	4.70	5.40
Pension in payment increases (non-GMP component)	2.50	3.50
Expected return on assets	4.50	5.70

The mortality assumptions adopted at 31 December 2011, for both pre-retirement and post-retirement, are based on PNMA/PNFA00 with 1% minimum improvement.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

20. PENSION SCHEMES (continued)

The fair value of the assets and the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were as follows

	2011 %	2011 £'000	2010 %	2010 £'000
Equities	5.5	45	6.5	28
Government bonds	2.5	25	4.0	12
Other bonds	4.7	11	5.4	6
Cash	2.5	-	4.0	-
		<u>81</u>		<u>46</u>
Total fair value of assets				
Present value of scheme liabilities		(63)		(48)
		<u>18</u>		<u>(2)</u>
Surplus/(deficit) in the scheme				
Related deferred tax liability		(5)		-
		<u>13</u>		<u>(2)</u>
Net pension surplus/(deficit)				

Analysis of amounts charged to the profit and loss account under FRS 17

	2011 £'000	2010 £'000
Current service cost	23	27
Other finance charges		
Interest on pension scheme liabilities	3	2
Expected return on pension scheme assets	(3)	(2)
Net finance cost	-	-
Total charge to profit and loss account	<u>23</u>	<u>27</u>

Analysis of actuarial gain in the statement of total recognised gains and losses

	£'000	£'000
Actual return less expected return on pension scheme assets	1	1
Experience gains arising on the scheme liabilities	16	1
Actuarial gain for the year	<u>17</u>	<u>2</u>

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

20. PENSION SCHEMES (continued)

Movement in the deficit during the year	2011 £'000	2010 £'000
Opening deficit	(2)	(3)
Movement in the year		
Current employer service cost	(23)	(27)
Employer contributions	26	26
Actuarial gain	17	2
Closing surplus/(deficit)	18	(2)

Federated Pension Plan

The company entered the FPP on 1 September 2010. The valuation carried out at this date on entry into the FPP has been updated to 31 December 2011 by a qualified actuary, independent of the scheme's sponsoring employer.

Employer contributions amounting to £1,785,000 were paid in the year ended 31 December 2011 (2010: £516,000).

The assets of the FPP Scheme have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under FRS 17 are:

	2011 % per annum	2010 % per annum
Inflation	3.00	3.50
Salary increases	4.00	4.50
Rate of discount	4.70	5.40
Pension in payment increases (non-GMP component)	3.00	3.50
Allowance for commutation of pension for cash at retirement	None	None

The mortality assumptions adopted at 31 December 2011 imply the following life expectancies:

Male retiring at age 60 in 2011	28.0
Female retiring at age 60 in 2011	30.7
Male retiring at age 60 in 2030	30.2
Female retiring at age 60 in 2030	32.7

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

20. PENSION SCHEMES (continued)

The fair value of the assets and the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were as follows

	2011 %	2011 £'000	2010 %	2010 £'000
Equities	7.2	1,706	7.5	134
Bonds	4.2	852	4.5	67
Net current assets	0.5	1	0.5	365
		<u> </u>		<u> </u>
Total fair value of assets		2,559		566
Present value of scheme liabilities		(2,936)		(713)
		<u> </u>		<u> </u>
Deficit in the scheme		(377)		(147)
Related deferred tax asset		95		41
		<u> </u>		<u> </u>
Net pension liability		(282)		(106)
		<u> </u>		<u> </u>

Analysis of amounts charged to the profit and loss account under FRS 17

	2011 £'000	2010 £'000
Current service cost	1,916	651
Other finance charges		
Interest on pension scheme liabilities	91	7
Expected return on pension scheme assets	(92)	(6)
	<u> </u>	<u> </u>
Net finance (credit)/cost	(1)	1
	<u> </u>	<u> </u>
Total charge to profit and loss account	1,915	652
	<u> </u>	<u> </u>
'Analysis of actuarial loss in the statement of total recognised gains and losses	£'000	£'000
Actual return less expected return on pension scheme assets	29	6
Changes in assumptions underlying the present value of scheme liabilities	(129)	(17)
	<u> </u>	<u> </u>
Actuarial loss for the period	(100)	(11)
	<u> </u>	<u> </u>

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

20. PENSION SCHEMES (continued)

Movement in the deficit during the year

	2011 £'000	2010 £'000
Opening deficit	(147)	-
Movement in the year		
Current employer service cost	(1,916)	(651)
Net finance credit/(cost)	1	(1)
Employer contributions	1,785	516
Actuarial loss	(100)	(11)
Closing deficit	<u>(377)</u>	<u>(147)</u>

21. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2011 £'000	2010 £'000
Land and buildings		
Operating leases which expire		
- less than one year	383	60
- between one and five years	491	667
- over five years	-	14
	<u>874</u>	<u>741</u>
	£'000	£'000
Other		
Operating leases which expire		
- within one year	20	112
- between one and five years	42	37
	<u>62</u>	<u>149</u>

22. CONTINGENT LIABILITIES

A cross-guarantee exists between the Group companies in respect of bank facilities totalling £18,968,000 (2010 £20,763,000). There was no actual liability at either year-end.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2011**23. CASH AT BANK AND IN HAND**

Cash at bank and in hand of £6 0m (2010 £10 0m) comprises cash held by the company and short-term bank deposits. The carrying amount of these assets approximates their fair value.

Of the above balance, £0 5m (2010 £1 2m) represents funds restricted in use by the relevant commercial terms of certain trading contracts.

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a subsidiary of Tribal Group plc.

The company's ultimate parent company and controlling party is Tribal Group plc which is incorporated in the United Kingdom. Tribal Group plc is the smallest and largest group for which group financial statements are prepared. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.