

Company Registration Number 04163300

TRIBAL EDUCATION LIMITED

Report and Financial Statements

31 December 2013



TRIBAL EDUCATION LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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TRIBAL EDUCATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S D Breach
K M Evans

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BANKERS

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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 2013. An indication of likely future developments in the business of the company and details of research and development activities are included in the strategic report on pages 4 and 5.

PRINCIPAL ACTIVITY

The company is a wholly-owned subsidiary of Tribal Group plc (the "Group"). The company's principal activity is to provide systems and solutions which help education and training providers to deliver excellence.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £9,364,000 (2012 £7,459,000). Dividends paid in the year were £7,000,000 (2012 £13,000,000).

DIRECTORS

The directors of the company are as shown on page 1.

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 on page 42 of 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 note 5 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.

POLITICAL DONATIONS

The company made no political donations during the year (2012 £nil).

POST BALANCE SHEET EVENTS

During January 2014, the Group agreed a new loan facility which is committed until June 2018, subject to compliance with covenants. Under the terms of the facility, £40m is available under a revolving credit facility, with a further £10m available on a non-committed basis under an accordion arrangement.

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 ought to have taken as a director in order to make himself 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 has indicated its willingness to remain in office as the company's auditor and a resolution to reappoint Deloitte LLP 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

28 April 2014

STRATEGIC REPORT**REVIEW OF THE BUSINESS**

The Company is organised into two business segments Solutions and Systems. The principal activity of the Systems business is to provide a range of proprietary software products and related services to support the business needs of education, learning and training providers. The principal activity of the Solutions business is to provide a range of services to support the improvement of education, learning and training delivery by our customers.

Strategy

The strategy is developed at a Group level, and comprises the following strategic objectives

To Embed technology across the business

The power of technology to drive efficiency for our customers is significant. Our major systems play a key part in helping our customers to run their training organisations, schools, colleges and universities well. Our performance improvement and quality assurance solutions, when delivered alongside well chosen technology, become repeatable, scalable and increasingly embedded in our customers' day-to-day activities.

To internationalise the customer base

Our systems and solutions have been developed around a deep understanding of education in the UK. Around the world, education providers frequently face similar challenges, and are keen to benefit from the expertise that the best of the UK's education system can offer. Our solutions bring UK educational expertise, wrapped in a technology-based package underpinned by a global delivery model.

To enhance the sales and business development capability

We are pursuing an organic growth strategy, which demands a high-performing sales and business development capability. For the vocational learning and schools / K-12 markets, our teams operate on an integrated regional basis in the UK, Asia Pacific, North America, the Middle East and South Africa, and we manage the Higher Education market through a global sales team.

To ensure debt levels remain appropriate, and create investment capacity through strong cash flow

Carefully managing debt increases the strength of the business, and creates the financial capacity to take advantage of investment opportunities as they arise, whether through new product and service development, new market entry, funding major projects or bolt-on acquisitions.

The Company plays its role in working towards these objectives with those that reference international growth specifically focussed on the company's branches in New Zealand and the Middle East.

Further information can be found in the Tribal Group plc annual report available at www.tribalgroup.co.uk

Review of operations

As shown in the Company's profit and loss account on page 9, the company has generated revenues of £98,615,000 for the year ended 31 December 2013 (2012 £101,174,000). The company's gross margin for the year has increased to 47% (2012 41%), reflecting the shift of focus to higher margin technology related contracts.

Details of amounts owed by and to other group companies are shown in notes 14, 16 and 17.

On 2 January 2013, the company acquired 100% of the issued share capital of International Graduate Insight Group Limited, a company which carries out education-related benchmarking and analytics services.

The Company manages its operations by business stream Solutions and Systems, and monitors performance with the following KPIs: revenue, gross margin and product development investment. These KPIs are discussed within the Strategic Report.

Through the existing product and service-based solutions, new software product development, and carefully selected acquisitions, the Company has continued to strengthen its positions in the markets and regions in which it operates. The decrease in turnover in the year reflects the group strategy to run certain international contracts through overseas subsidiaries.

TRIBAL EDUCATION LIMITED

STRATEGIC REPORT (continued)

REVIEW OF THE BUSINESS (continued)

The three market sectors that the Company focuses on are Higher Education, Vocational Learning and Schools

Higher education The Company has continued to grow its customer base in the UK and Ireland, with Bournemouth University joining the user group. The major implementation at University of Oxford is proceeding well, and the systems have gone live during the year at Staffordshire University and Trinity College, Dublin.

Vocational learning Whilst there are generally quieter market conditions in the vocational learning market in the UK, customer activity levels in the student management systems have been good. The Company has continued to increase its customer base with new student management system customers at Luton College, Rhondda Cynon Taff Council, Devon County Council and Neath Port Talbot College. Tribal's work-based learning student management system upgrade was launched at the end of 2012, and over 85% of the UK customers have migrated to the new version. The Company's performance improvement and quality assurance solutions have retained their market-leading positions. The trend towards employer funding for workforce skills development has presented new opportunities for the student management systems and related services, and the company is currently active with pilot apprenticeship programmes in Tesco, Pizza Hut and KFC.

Schools / K-12 The Company's student management system customer base across our core education authority products in the UK has continued to develop well. The company has also developed new modules for children's safety and welfare, and these have begun to take early market entry positions in the schools student management system market. The quality assurance solutions have retained their high standard of delivery through the Company's key relationship with Ofsted, and provide very strong credentials for taking these solutions to wider markets.

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 international operations of the business introduce operational and financial risk including exposure to movements in foreign currency exchange rates.

Management of foreign exchange risk is overseen by the Group finance team, and policies and procedures are in place that have been approved by the Board. Where appropriate, forward foreign exchange contracts and options are taken out in order to reduce potential financial exposure to an acceptable level. There were no open contracts at the year-end.

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

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. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The Company 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.

Credit risk The Company seeks to reduce the risk of bad debts arising from non-payment from our customers. This risk is closely monitored by the Group finance team, of which the credit control function forms part. There were no material bad debts during 2013.

Liquidity 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 £40m credit facility committed until June 2018, with a further £10m available on a non-committed basis under an accordion arrangement.

Cash flow risk Cash flow is monitored at a group level. The Group prepares regular forecasts of cash flow. Further details are provided in the going concern section below. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

TRIBAL EDUCATION LIMITED**STRATEGIC REPORT (continued)****RESEARCH AND DEVELOPMENT**

The Company continues to invest in research and development of software products. Research and development expenditure recorded in the profit and loss account in the year has increased to £1,717,000 (2012 £1,293,000), with a further £6,902,000 of development costs being capitalised as intangible fixed assets (2012 £7,287,000).

FUTURE PROSPECTS

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

GOING CONCERN

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 £40m credit facility committed until June 2018, with a further £10m available on a non-committed basis under an accordion arrangement.

The Group has a number of long-term contracts with a range of customers across different geographic areas, high levels of committed income and a strong pipeline of new opportunities. The Group's forecasts and projections, which allow for reasonably possible changes in trading performance, show that the Group has 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 receiving confirmation of Group support 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. Thus, they continue to adopt the going concern basis in preparing the financial statements.

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



S D Breach
Director

28 April 2014

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 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 29. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 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 Strategic Report and 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.

Nigel Thomas

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

28 April 2014

TRIBAL EDUCATION LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
TURNOVER	1,2	98,615	101,174
Cost of sales		(52,011)	(59,874)
GROSS PROFIT		<u>46,604</u>	<u>41,300</u>
Administrative expenses		(33,231)	(31,850)
OPERATING PROFIT	3	<u>13,373</u>	<u>9,450</u>
Income from shares in group undertakings		119	-
Interest receivable and similar income	6	26	78
Interest payable and similar charges	7	(453)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,065	9,528
Tax on profit on ordinary activities	8	(3,701)	(2,069)
PROFIT FOR THE FINANCIAL YEAR	22,23	<u><u>9,364</u></u>	<u><u>7,459</u></u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year		9,364	7,459
Actuarial gain on defined benefit pension plan	24	1,392	248
Associated deferred tax		(423)	63
Total recognised gains for the year		<u><u>10,333</u></u>	<u><u>7,770</u></u>

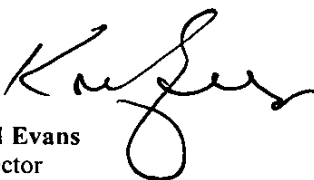
TRIBAL EDUCATION LIMITED

BALANCE SHEET At 31 December 2013

	Note	2013		2012	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Goodwill	10		47,105		51,048
Intangible assets	10		14,653		8,960
Tangible assets	11		2,716		2,550
Investments	12		7,781		368
Net pension asset	24		613		-
			<u>72,868</u>		<u>62,926</u>
CURRENT ASSETS					
Stocks	13	714		1,930	
Debtors	14	18,711		22,202	
Cash at bank and in hand	27	12,098		6,714	
		<u>31,523</u>		<u>30,846</u>	
CURRENT LIABILITIES					
Creditors	16	(42,745)		(40,356)	
Provisions for liabilities	18	(2,782)		-	
		<u>(45,527)</u>		<u>(40,356)</u>	
NET CURRENT LIABILITIES			<u>(14,004)</u>		<u>(9,510)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>58,864</u>		<u>53,416</u>
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Amounts owed to group undertakings	17		(44,191)		(43,593)
Provisions for liabilities	18		(1,531)		-
Pension liability	24		-		(109)
NET ASSETS			<u>13,142</u>		<u>9,714</u>
CAPITAL AND RESERVES					
Called up share capital	21		1		1
Share premium account			6,699		6,699
Capital contribution	22		390		135
Currency translation reserve	22		(13)		147
Profit and loss account	22		6,065		2,732
SHAREHOLDERS' FUNDS	23		<u>13,142</u>		<u>9,714</u>

The financial statements of Tribal Education Limited, registered number 04163300, were approved and signed by the Board of Directors and authorised for issue on 26 April 2014


S D Breach
Director


K M Evans
Director

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013**

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

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further information is provided in the Strategic Report.

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 2013

1. ACCOUNTING POLICIES (continued)

Revenue and turnover recognition

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 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.
- Revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period.
- Revenue from software implementation, consultancy and other services is recognised as the service is provided.

In addition to this, the Group has long-term contracts for the provision of more complex, project-based services including arrangements that involve significant production, modification, or customisation of software. 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 measured by the proportion that development time incurred for work performed to date bears to the estimated total development time. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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 at which point, to the extent that they are expected to be recovered over the contract term, the costs are capitalised and amortised over the life of the contract.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

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.

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.

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.

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in interest rates and exchange rates. The Group uses interest rate and foreign exchange instruments to manage this exposure where appropriate.

The use of financial derivatives is governed by the Group's policies approved by the Board, which provides written principles on the use of financial derivatives. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of the profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013**1. ACCOUNTING POLICIES (continued)****Investments**

Investments held as fixed assets are shown at cost less provision for any impairment

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 are wholly-owned within 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. An internally-generated intangible asset arising from the company's product development is recognised only if all of the following conditions have been demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives of three to five years. Amortisation is not charged until the products are brought into use. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

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
Office equipment	20% to 25% per annum

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1 ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation

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.

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 an adjusted Black-Scholes 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.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2013**2. BUSINESS SEGMENTS**

The company is organised into two business segments Solutions and Systems. The principal activity of the Systems business is to provide a range of proprietary software products and related services to support the business needs of education, learning and training providers. The principal activity of the Solutions business is to provide a range of services to support the improvement of education, learning and training delivery by our customers.

	2013 £'000	2012 £'000
Turnover split by business segment		
Systems	42,153	43,930
Solutions	56,462	57,244
	<u>98,615</u>	<u>101,174</u>

	2013 £'000	2012 £'000
Turnover split by geography		
UK	89,977	87,505
Asia Pacific	3,476	7,900
North America and the rest of the world	5,162	5,769
	<u>98,615</u>	<u>101,174</u>

3. OPERATING PROFIT

	2013 £'000	2012 £'000
Operating profit is stated after charging		
Fees payable to the company's auditor for the audit of the company's annual accounts	75	74
Depreciation - owned assets	1,369	1,176
Amortisation of goodwill	3,943	3,942
Amortisation of capitalised development costs	2,058	1,269
Research and development expenditure	1,717	1,293
Loss on disposal of fixed assets	4	9
Impairment losses on capitalised development costs	250	-
Rentals under operating leases		
- land and buildings	865	942
- other	223	193

4. DIRECTORS' REMUNERATION

K Evans and S D Breach are directors of Tribal Group plc and their emoluments and pension details are disclosed in the Group financial statements. They are remunerated by Tribal Group plc for their services to the group as a whole and 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 2013**5. INFORMATION REGARDING EMPLOYEES**

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

	2013 No.	2012 No.
Administration	201	198
Operations and sales	1,099	1,150
	<u>1,300</u>	<u>1,348</u>

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	45,421	45,923
Social security costs	4,260	4,356
Other pension costs	2,673	2,937
Share-based payment charge (see note 20)	255	92
	<u>52,609</u>	<u>53,308</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Bank interest	25	30
Interest receivable on pension scheme	1	48
	<u>26</u>	<u>78</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Other interest	87	-
Unwinding of discount on deferred contingent consideration (see note 18)	350	-
Interest payable on pension scheme	16	-
	<u>453</u>	<u>-</u>

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current tax		
Corporation tax on profits for the year	3,268	1,932
Adjustments in respect of group transfers	341	684
Overseas tax	143	128
Adjustments in respect of prior periods	(96)	(587)
	<u>3,656</u>	<u>2,157</u>
Deferred tax		
Current year	(63)	241
Adjustments in respect of prior periods	(2)	(441)
Effect of rate change on opening balances	110	112
Tax on profit on ordinary activities	<u>3,701</u>	<u>2,069</u>

The average standard rate of tax for the year was 23.25% (2012 24.5%). 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>13,065</u>	<u>9,528</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 24.5%)	3,037	2,333
Effects of		-
Expenses not deductible for tax purposes	220	166
Amortisation of goodwill	910	958
Adjustments in respect of prior periods	(96)	(587)
Transfer pricing adjustments	(271)	(243)
Additional deductions for qualifying R&D expenditure	(73)	(367)
Amounts directly taken to equity	323	63
Defined benefit pension scheme timing differences	(333)	(123)
Other differences	(61)	(43)
Current tax charge	<u>3,656</u>	<u>2,157</u>

The tax rate is a blended tax rate of 24% to 1 April 2013 and 23% thereafter

The reduction in the corporation tax rate to 21%, from 1 April 2014, and to 20%, from 1 April 2015, is not expected to materially affect the future tax charge for the company

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

9 DIVIDENDS

	2013 £'000	2012 £'000
Dividend paid		
£7,000 (2012 £13,000) per ordinary share	7,000	13,000

10. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 1 January 2013	78,854	17,253	96,107
Additions	-	6,902	6,902
Reclassifications	-	1,099	1,099
At 31 December 2013	78,854	25,254	104,108
Amortisation and impairment			
At 1 January 2013	27,806	8,293	36,099
Charge for the year	3,943	2,058	6,001
Impairment loss	-	250	250
At 31 December 2013	31,749	10,601	42,350
Net book value			
At 31 December 2013	47,105	14,653	61,758
At 31 December 2012	51,048	8,960	60,008

During the year £1,099,000 of software development costs previously included in inventories in connection with the SALM programme have been reclassified to other intangible assets because the related functionality forms part of the core product development strategy and meets the relevant requirements for capitalisation under SSAP 13 'Accounting for research and development'

11. TANGIBLE FIXED ASSETS

	Short Leasehold Improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2013	1,514	716	6,824	305	9,359
Additions	169	41	1,296	33	1,539
Disposals	(114)	(663)	(4,176)	(172)	(5,125)
At 31 December 2013	1,569	94	3,944	166	5,773
Depreciation					
At 1 January 2013	832	700	5,042	235	6,809
Charge for the year	194	12	1,134	29	1,369
Disposals	(114)	(663)	(4,172)	(172)	(5,121)
At 31 December 2013	912	49	2,004	92	3,057
Net book value					
At 31 December 2013	657	45	1,940	74	2,716
At 31 December 2012	682	16	1,782	70	2,550

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

12. INVESTMENTS

	Shares in subsidiary undertakings £'000	Other listed investments £'000	Total £'000
Cost			
At 1 January 2013	14,240	1	14,241
Acquisition of International Graduate Insight Group Limited	7,413	-	7,413
At 31 December 2013	21,653	1	21,654
Impairment			
At 1 January 2013 and 31 December 2013	13,873	-	13,873
Net book value			
At 31 December 2013	7,780	1	7,781
At 31 December 2012	367	1	368

Details of the acquisition of International Graduate Insight Group Limited are provided in note 19

The company holds interests in the following companies

Name	Proportion of ordinary shares	Country of incorporation	Principal activity
Tribal Hubs Limited	100%	UK	Dormant
Tribal Property Limited	100%	UK	Property management
Class Measures Limited	100%	UK	Management consultancy
International Graduate Insight Group Limited	100%	UK	Educational consultancy
Tribal Systems Canada Limited	100%	Canada	Education related
Tribal Group PTY Limited	100%	Australia	Education related
Tribal Education INC	100%	USA	Education related

The company holds interests in the following branches

Name	Proportion of ordinary shares	Country of incorporation	Principal activity
Tribal Education Limited New Zealand Branch	100%	New Zealand	Education related
Tribal Education Limited Australian Branch	100%	Australia	Education related
Tribal Education Limited Abu Dhabi Branch	100%	Abu Dhabi	Education related

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2013**13. STOCKS**

	2013 £'000	2012 £'000
Work in progress	363	1,436
Finished goods and goods for resale	351	494
	<u>714</u>	<u>1,930</u>

During the year £1,099,000 of software development costs previously included in inventories in connection with the SALM programme have been reclassified to development costs because the related functionality forms part of the core product development strategy and meets the relevant requirements for capitalisation under SSAP 13 'Accounting for research and development'

14. DEBTORS

	2013 £'000	2012 £'000
Trade debtors	8,485	10,159
Amounts receivable from group undertakings	644	808
Deferred tax	803	964
Amounts recoverable on contracts	186	799
Other debtors	39	732
Prepayments	2,154	1,813
Accrued income	6,400	6,927
	<u>18,711</u>	<u>22,202</u>

	£'000	£'000
Deferred tax asset		
Opening deferred tax asset	964	876
Profit and loss account (charge)/credit	(161)	88
Closing deferred tax asset	<u>803</u>	<u>964</u>

	£'000	£'000
Deferred tax asset consists of the following amounts		
Differences between capital allowances and depreciation	629	754
Other short-term timing differences	95	180
Share schemes	79	30
	<u>803</u>	<u>964</u>

The remaining credit of £116,000 included in the deferred tax charge of £44,000 in the profit and loss account is in respect of the company's defined benefit pension scheme

15. LONG-TERM CONTRACTS

At the end of 2013, accrued income included amounts due from contract customers of £492,000 (2012 £1,429,000) and deferred income included amounts due from contract customers of £131,000 (2012 £390,000)

	2013 £'000	2012 £'000
Contract costs incurred plus recognised profits less recognised losses to date	2,544	2,251
Less progress billings	(2,637)	(2,488)
	<u>(93)</u>	<u>(237)</u>

At 31 December 2013, retentions held by customers for contract work amounted to £194,000 (2012 714,000)

There are no amounts included in trade and other receivables arising from long-term contracts due for settlement after more than 12 months

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2013**16 CURRENT LIABILITIES**

	2013	2012
	£'000	£'000
Trade creditors	2,484	2,879
Amounts owed to group undertakings	8	9
Corporation tax	1,794	999
Other taxation and social security	2,890	2,911
Other creditors	4,756	799
Accruals	9,910	9,180
Deferred income	20,903	23,579
	<u>42,745</u>	<u>40,356</u>

17. AMOUNTS OWED TO GROUP UNDERTAKINGS

	2013	2012
	£'000	£'000
Amounts falling due after more than one year	<u>44,191</u>	<u>43,593</u>

18. PROVISIONS FOR LIABILITIES

	2013	2012
	£'000	£'000
Opening liability	-	-
On acquisition of subsidiary (note 19)	3,963	-
Unwinding of discount on deferred contingent consideration	350	-
Closing liability	<u>4,313</u>	<u>-</u>
	£'000	£'000
Amounts falling due within one year	2,782	-
Amounts falling due after more than one year	1,531	-
	<u>4,313</u>	<u>-</u>

The provision relates to deferred contingent consideration created on the acquisition of International Graduate Insight Group Limited

19. ACQUISITION OF SUBSIDIARY

On 2 January 2013, the company acquired 100% of the issued share capital of International Graduate Insight Group Limited, a company which carries out education-related benchmarking and analytics services

The total cost of acquisition is £8,082,000. This comprised an initial cash consideration of £3,450,000 and a deferred consideration of £4,632,000 which is payable based on the future profits of the acquired business

Deferred consideration is payable in the period March 2014 to March 2016 and therefore the gross cost is discounted at acquisition to £3,963,000 (as shown in note 18) giving a total initial acquisition cost of £7,413,000 as shown in note 12

The maximum amount payable is £8,082,000

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

20. 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. 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.

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

	2013 £'000	2012 £'000
LTIP	257	109
SAYE	(2)	(17)
	<u>255</u>	<u>92</u>

During the year ended 31 December 2013, LTIPs were granted on 15 March 2013. There were no SAYE grants in the year. The credit of £2,000 in the year relates to grants made in prior years.

During the year ended 31 December 2012, LTIPs were granted on 16 January 2012. There were no SAYE grants in the year. The credit of £17,000 in the year relates to grants made in prior years.

Options outstanding during the year are as follows:

	ESOS		LTIP		SAYE	
	No. of options '000	Weighted average exercise price	No. of options '000	Weighted average exercise price	No. of options '000	Weighted average exercise price
Outstanding at 1 January 2013	49	£3.05	1,855	£nil	34	£1.08
Exercised during the year	-	-	-	-	(13)	£1.08
Granted during the year	-	-	457	£nil	-	-
Lapsed during the year	(44)	£3.16	(485)	£nil	-	-
Outstanding at 31 December 2013	5	£1.96	1,827	£nil	21	£1.08
Exercisable at 31 December 2013	5	£1.96	453	-	7	£1.08
Weighted average remaining contracted life (years)	0.2	-	8.2	-	1.4	-
Weighted average share price at date of exercise	-	-	-	-	-	-

Share options outstanding at the year-end have the following exercise prices: ESOS £1.96, LTIP: £nil and SAYE £1.08.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

20. SHARE BASED PAYMENTS (continued)

For the year ended 31 December 2013, the Group has used an adjusted Black-Scholes valuation model in order to incorporate a discount factor into the fair value to reflect the market-based performance condition of the LTIP grant. The following table sets out the information about how the fair value of the grant is calculated.

	2013 LTIP
Share price	£1.49
Exercise price	£nil
Expected volatility	55.3%
Expected life (years)	3.0
Risk-free rate	0.37%
Expected dividend yield	1.2%

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 (i.e. three years for the LTIP award). 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.

21. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1	1

22. RESERVES

	Capital contribution £'000	Currency translation reserve £'000	Profit and loss account £'000
At 1 January 2013	135	147	2,732
Profit for the financial year	-	-	9,364
Share-based payment charge	255	-	-
Currency translation difference on foreign currency net investments	-	(160)	-
Other recognised gains (net)	-	-	969
Dividend paid	-	-	(7,000)
At 31 December 2013	390	(13)	6,065

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
Opening shareholders' funds	9,714	14,840
Profit for the financial year	9,364	7,459
Dividend paid	(7,000)	(13,000)
Share-based payment charge	255	92
Currency translation difference on foreign currency net investments	(160)	12
Other recognised gains (net)	969	311
Closing shareholders' funds	13,142	9,714

24. 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 and amounted to £1,386,000 (2012: £1,352,000). Contributions of £564,000 (2012: £334,000) 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 the Federated Pension Plan ("FPP"), 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 2013.

Employer contributions amounting to £42,000 were paid in the year ended 31 December 2013 (2012: £27,000).

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:

	2013 % per annum	2012 % per annum
Inflation	3.50	2.70
Salary increases	4.50	3.70
Rate of discount	4.40	4.40
Pension in payment increases (non-GMP component)	3.50	2.70

The mortality assumptions adopted at 31 December 2013 imply the following life expectancies:

Male retiring at age 65 in 2013	22.7
Female retiring at age 65 in 2013	25.1
Male retiring at age 65 in 2032	24.6
Female retiring at age 65 in 2032	27.0

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

24. PENSION SCHEMES (continued)

The sensitivities regarding the principal assumptions used to measure the scheme's liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease by 3%
Rate of inflation	Increase by 0.1%	Increase by 3.5%
Rate of salary growth	Increase by 0.1%	Increase by 2%
Rate of mortality	Increase by one year	Increase by 3%

The analysis of the schemes' assets at the balance sheet date was as follows

	2013 £'000	2012 £'000
Equities	70	49
Alternative assets	24	18
Corporate bonds	32	27
Gilts	33	28
Total fair value of the scheme assets	159	122

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

	2013 £'000	2012 £'000
Total fair value of assets	159	122
Present value of scheme liabilities	(168)	(108)
(Deficit)/surplus in the scheme	(9)	14
Related deferred tax asset/(liability)	2	(3)
Net pension (liability)/asset	(7)	11

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

	2013 £'000	2012 £'000
Administrative expenses		
Current service cost	20	22
Other administrative expenses	20	-
	40	22
Other finance charges		
Interest on pension scheme liabilities	5	3
Expected return on pension scheme assets	(6)	(4)
Net finance income	(1)	(1)
Total charge to profit and loss account	39	21

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

	£'000	£'000
Actual return less expected return on pension scheme assets	5	5
Experience gains/(losses) arising on the scheme liabilities	10	(15)
Effects of changes in assumptions	(41)	-
Actuarial loss for the year	(26)	(10)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

24. PENSION SCHEMES (continued)

Movement in the (deficit)/surplus during the year	2013 £'000	2012 £'000
Opening surplus	14	18
Movement in the year		
Charge to profit and loss account	(39)	(21)
Employer contributions	42	27
Actuarial loss	(26)	(10)
Closing (deficit)/surplus	(9)	14

Federated Pension Plan

The company entered the FPP on 1 September 2011. The valuation carried out at this date on entry into the FPP has been updated to 31 December 2013 by a qualified actuary, independent of the scheme's sponsoring employer.

Employer contributions amounting to £1,245,000 were paid in the year ended 31 December 2013 (2012 £1,558,000).

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:

	2013 % per annum	2012 % per annum
Inflation	3.50	2.90
Salary increases	3.00	3.00
Rate of discount	4.40	4.50
Pension in payment increases (non-GMP component)	2.50 - 3.50	2.90
Allowance for commutation of pension for cash at retirement	None	None

The mortality assumptions adopted at 31 December 2013 imply the following life expectancies:

Male retiring at age 60 in 2013	27.5
Female retiring at age 60 in 2013	29.8
Male retiring at age 60 in 2032	30.3
Female retiring at age 60 in 2032	32.3

The sensitivities regarding the principal assumptions used to measure the scheme's liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.5%	Decrease by 11%
Rate of inflation	Increase by 0.5%	Increase by 10%
Rate of salary growth	Increase by 0.5%	Increase by 2%
Rate of mortality	Increase by one year	Increase by 3%

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

24. PENSION SCHEMES (continued)

The analysis of the schemes' assets at the balance sheet date was as follows

	2013 £'000	2012 £'000
Equities	4,222	3,018
Corporate bonds	2,108	1,509
Cash	96	133
Total fair value of scheme assets	6,426	4,660

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

	2013 £'000	2012 £'000
Total fair value of assets	6,426	4,660
Present value of scheme liabilities	(5,651)	(4,936)
Surplus/(deficit in the scheme)	775	(276)
Related deferred tax (liability)/asset	(155)	156
Net pension asset/(liability)	620	(120)

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

	2013 £'000	2012 £'000
Current service cost	1,596	1,762
Other finance charges		
Interest on pension scheme liabilities	259	137
Expected return on pension scheme assets	(243)	(184)
Net finance cost/(income)	16	(47)
Total charge to profit and loss account	1,612	1,715

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

	£'000	£'000
Actual return less expected return on pension scheme assets	347	297
Experience gains arising on the scheme assets	1,377	-
Changes in assumptions underlying the present value of scheme liabilities	(306)	(39)
Actuarial gain for the period	1,418	258

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

24. PENSION SCHEMES (continued)

Movement in the deficit during the year

	2013	2012
	£'000	£'000
Opening deficit	(276)	(377)
Movement in the year		
Charge to profit and loss account	(1,612)	(1,715)
Employer contributions	1,245	1,558
Actuarial gain	1,418	258
Closing surplus/(deficit)	775	(276)

A summary of the movement in the deficit during the year for both schemes is set out below

	2013	2012
	£'000	£'000
Opening deficit	(262)	(359)
Movement in the year		
Charge to profit and loss account	(1,651)	(1,736)
Employer contributions	1,287	1,585
Actuarial gain	1,392	248
Closing surplus/(deficit)	766	(262)
Related deferred tax (liability)/asset	(153)	153
Net pension asset/(liability)	613	(109)

History of experience gains and losses

	31	31	31	31	31
	December	December	December	December	December
	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Present value of defined obligations	(5,819)	(5,044)	(2,999)	(761)	(15)
Fair value of scheme assets	6,585	4,782	2,640	612	12
Surplus/(deficit) in the scheme	766	(262)	(359)	(149)	(3)
Experience adjustments arising on scheme assets					
Amount	352	301	29	7	-
Percentage of the scheme assets	5%	6%	1%	1%	-
Experience adjustments arising on scheme liabilities					
Amount	1,040	(54)	(113)	-	-
Percentage of the scheme liabilities	18%	(1%)	4%	-	-

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2013**25. OPERATING LEASE COMMITMENTS**

Annual commitments under non-cancellable operating leases are as follows

	2013 £'000	2012 £'000
Land and buildings		
Operating leases which expire:		
- less than one year	43	119
- between one and five years	664	562
	<u>707</u>	<u>681</u>
	£'000	£'000
Other		
Operating leases which expire		
- between one and five years	53	55
	<u>53</u>	<u>55</u>

26. CONTINGENT LIABILITIES

A cross-guarantee exists between the Group companies in respect of bank facilities totalling £5,921,000 (2012 £12,630,000). There was no liability at either year-end.

27. CASH AT BANK AND IN HAND

Cash at bank and in hand of £12,098,000 (2012 £6,714,000) 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, £4,764,000 (2012 £809,000) represents funds restricted in use by the relevant commercial terms of certain trading contracts.

28. 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.

29. POST BALANCE SHEET EVENTS

During January 2014, the Group agreed a new loan facility which is committed until June 2018, subject to compliance with covenants. Under the terms of the facility, £40m is available under a revolving credit facility, with a further £10m available on a non-committed basis under an accordion arrangement.