

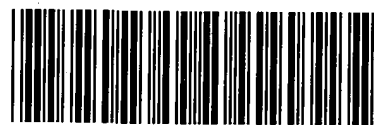
Company Registration Number 04163300

TRIBAL EDUCATION LIMITED

Annual Report and Financial Statements

31 December 2015

FRIDAY



A33 *A5C9TNIX* 29/07/2016 #4
COMPANIES HOUSE

TRIBAL EDUCATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

CONTENTS

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	7
Directors' responsibilities statement	9
Independent auditor's report	10
Income Statement	11
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

TRIBAL EDUCATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S D Breach
K Evans (resigned 30 June 2015)
R Garner (appointed 01 July 2015, resigned 02 March 2016)
I Bowles (appointed 02 March 2016)

REGISTERED OFFICE

Kings Orchard
1 Queen Street
Bristol
BS2 0HQ

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
Cardiff

TRIBAL EDUCATION LIMITED

STRATEGIC REPORT

REVIEW OF THE BUSINESS

What we do

We provide a range of student management systems tailored to different segments of the education world. Alongside our systems, we offer services which enable managers to enhance the quality of the education their institutions provide, and to improve their operational performance. These include operational benchmarking and analytics, transformation and change advisory services, and specialist support services to enhance the delivery of education. For government agencies that fund education, we provide independent quality assurance services to evaluate the activities and outcomes achieved by institutions.

The Company is organised into a number of business segments: Product Development and Customer Services, Implementation, Professional & Business Solutions and Quality Assurance Solutions.

The principal activities of the company are as follows:

- Product development and customer services, representing revenues from sale of software and subsequent maintenance revenues, and the costs of developing and maintaining that software;
- Implementation services, representing the results of activities through which we deploy and configure our software for our customers;
- Professional and business solutions, representing a portfolio of performance improvement tools and services, including analytics, benchmarking and transformational and change services; and
- Quality assurance solutions, representing inspection and review services which support the assessment of educational delivery.

Market overview

The higher education and vocational learning markets are changing rapidly. Student numbers continue to grow – especially in developing economies where there is an increasing need and demand for skills and knowledge, coupled with a growing population. Spending on education remains a key priority around the world, and governments' expectations continue to increase accordingly, while the introduction of student fees has turned students and their parents into discerning consumers.

Strategy

The strategy is developed at a Tribal Group PLC (Group) level. Following the recent appointment of Ian Bowles as Chief Executive, a strategic review is being undertaken. However, the following themes are expected to continue to feature in the Group's and Company's strategy:

- Continued extension and enhancement of the core product portfolio
- Embedding rich analytics functionality within Tribal's student management systems
- Growing recurring and subscription-based revenues
- Focused regional investment
- Cost reduction, efficiency and clear accountability

These strategic themes are explained in more detail as follows:

Continued extension and enhancement of our core product portfolio

We will continue to enhance and extend our student management system portfolio and to enhance our capabilities to deploy our software in the Cloud.

We will also continue to offer flexibility so customers can benefit from the breadth of our software portfolio. Through our Transformation and Change services we will help long-standing customers refresh the way they benefit from our software to derive optimal value from their investment with us.

TRIBAL EDUCATION LIMITED

STRATEGIC REPORT (continued)

REVIEW OF THE BUSINESS (continued)

Embedding rich analytics functionality within Tribal's student management systems

Student management systems, and the other systems they interact with, hold valuable information that education managers can use to inform high quality decision-making. Our software-based analytics offering, Student Insight, is increasingly linked to our student management systems. We will continue to develop our analytics capability and its integration with our student management system portfolio.

Growing recurring and subscription-based revenues

We will continue to offer customers choices to best suit their needs. Our software will be available either through a licence, implementation and maintenance model, or through Software-as-a-Service. Over time we aim to increase our subscription and other recurring revenue streams, improving predictability of revenue and helping customers benefit from more flexible charging structures.

Cost reduction, efficiency and clear accountability

We will streamline our cost base and reform it with greater flexibility. We will bring simplified accountability for operational and financial performance, closer to our customers and operations in each key region.

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 income statement on page 11, the company has generated revenues of £84,579,000 for the year ended 31 December 2015 (2014: £102,992,000). The company's gross margin for the year has reduced to 38% (2014: 40%). Loss before tax was £33,049,000 (2014: Profit before tax of £3,924,000).

As noted above Tribal Group plc manages its operations by business segments: Product Development and Customer Services, Implementation, Professional & Business Solutions and Quality Assurance Solutions, and monitors performance with the following KPIs: revenue, adjusted operating margin and product development investment. These KPIs are discussed on pages 14 to 15 of the Group's Annual Report that does not form part of this report. This company contributes 79% of the Group's revenue.

In overall terms, financial performance during 2015 was influenced significantly by some key challenges which were reported in detail in the Tribal Group plc Annual Report. In particular, during the course of 2015, Tribal's sales team increasingly lost momentum, with uncertainty around the Group's direction and leadership affecting the business particularly during the second half of the year. The retirement of our former Group Chief Executive in May 2015 took place as our larger customers and prospective clients were considering carefully their technology strategies, which affected their procurement plans. As a result, and as the second half of the year progressed, this led to unexpected losses of new customer bids, where previously our win rates had been high, and reduced confidence among key sales staff. We are now restructuring the sales function to enhance performance. This had a significant impact on the Company's financial performance during the year.

Linked to the challenges noted above, the Company has recorded a number of material adjustments to the carrying value of assets recorded on the balance sheet as follows:

Impairment of development costs

The Company continued to invest in its portfolio of student management systems during 2015. However, in light of operational issues encountered in the second half of 2015 there was a deterioration in trading performance which has impacted on expected forecast cash flows into the future. Additionally there have been changes to management and to the Board in the second half of the year with the new team reconsidering the strategy of the Group and its future forecasts in conjunction with the assessment of the group's future funding requirements. As a result, capitalised development costs with a value of £7,495,000 (2014: £2,584,000) have been written down in the period. Impairment charges have arisen across the product portfolio, but are focussed particularly on enhancements to the ebs product which are impacted by development of the Tribal Campus product, and the K2 asset management system and the Synergy EIS product, which remain key products but for which our forecast revenues are now lower than previously expected.

TRIBAL EDUCATION LIMITED

STRATEGIC REPORT (continued)

Waiver of intercompany payables and write off of receivables

During the year Tribal Education Limited waived receivables and wrote off payables from Group companies as follows: Tribal Agency Limited £782,647 (receivable), Tribal Property Limited £295,999 (receivable) and Tribal Dundas Limited £99,999 (payable). Consequently a charge of £978,647 has been included in administrative expenses in the income statement.

Impairment of goodwill

The significant downturn in the Group's performance over the course of 2015 has led to material goodwill impairments being recorded to a value of £25.1m (2014: £nil) across the PD&CS, PBS and QAS business segments. Further information is provided in the notes to the Financial Statements.

Subsequent to the impairments recognised in respect of both development costs and goodwill, the Company is in a net liability position as at 31 December 2015. Considerations arising in respect of the adoption of the going concern assumption are set out below.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties managed by the Group and the Company are described in detail in the Group's Annual Report (which does not form part of this report), including the identification of risk associated with the Group's financial position and other financial risks which relate principally to funding, credit risk, interest rate risk and foreign exchange risk. These principal risks and uncertainties comprise:

- Changes in the Group and Company's trading performance and its operating cash flow may create pressure on its funding position, although this risk has been mitigated by the Rights Issue and the disposal of the Synergy business subsequent to the year end.
- Uncertainties associated with timing of deal closure and meeting key contractual obligations/milestones associated with major customer programmes can lead to significant financial volatility and management time, and may impact the Group's overall financial position and/or lead to contract disputes or claims.
- Inappropriate decisions about the resources needed may lead to failure to achieve desired outcomes on customer contract delivery, new product development, business development and other investments.
- Pressure from competitors may impact on the competitiveness or pricing of products.
- Political or economic change may lead to changes in public or customer policy priorities which could lead to contract completions being delayed, or contract cancellations. The recent EU referendum vote in the UK could have such an impact.
- Our software products may become obsolete, or we may invest in new products which fail to match market requirements.
- Inability to attract and retain high calibre staff with the right skills – particularly in leadership roles, sales, business development and implementation capacities – would restrict growth.
- The geographic spread of the Group's activities may stretch managerial and operational capacity, or cause unforeseen failure of the control framework.
- A significant programme failure, or manifestation of problems with cyber or data protection or other reputationally damaging events, allied to major media coverage, would damage customer confidence and restrict our business development activities.
- Loss of control of key intellectual property could undermine our differentiation in the market.

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.

TRIBAL EDUCATION LIMITED

STRATEGIC 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. 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 2015.

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 £25m credit facility committed until June 2018.

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.

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development of software products. Research and development expenditure recorded in the income statement in the year was £1,090,000 (2014: £1,688,000), with a further £3,200,000 of development costs being capitalised as intangible fixed assets (2014: £4,074,000).

SUBSEQUENT EVENTS

Since the year end, the Company sold its Synergy business for £20.25m. The proceeds enabled the Company and its parent company to achieve a more appropriate capital structure and significantly reduce its indebtedness. See going concern section below.

As noted in the going concern section below, the Group also amended its banking facility agreement with effect from 30 June 2016.

FUTURE PROSPECTS

2015 has been a challenging year for the company. The directors expect the wider market backdrop for education management systems to stabilise in 2016. In the early part of the year the company has been successful in securing a number of software and service contract wins including a significant system upgrade programme for the University of Bristol. During 2016 the company will focus on reducing its cost base and improving operating efficiency. Given these factors and the greater financial stability faced by the company following the sale of the Synergy business and the Rights Issue undertaken by the parent company, Tribal Group plc, the directors expect an improved performance during 2016.

TRIBAL EDUCATION LIMITED

STRATEGIC REPORT (continued)

GOING CONCERN

Tribal Group plc, the parent company, has undertaken to make adequate financial resources available to the company to meet its current and future obligations as and when they fall due. Given the reliance on the parent company, it is important that the Directors have considered the ability of the parent company to provide the financial support required by the company to continue to operate as a going concern for the foreseeable future which is at least 12 months from the approval of these financial statements.

The annual report of Tribal Group plc contains substantial disclosure on the Group Directors' consideration of Going Concern.

Since the annual report of Tribal Group plc was published, the Group completed the sale of its Synergy business for £20.25m (the Disposal). In addition, the Group raised £22.25 million (gross of estimated costs of £1.8m) via a Rights Issue and placing in order to achieve a more appropriate capital structure which has eliminated its indebtedness.

On 30 June 2016, the Group has agreed amendments to the terms of its banking facilities which remain committed until June 2018. The size of the overall credit facility has been reduced from £50million to £25million, a level more appropriate for the Group balance sheet following the completion of the rights issue and the sale of Synergy which resulted in a significant reduction in the outstanding indebtedness and consequently a reduction in the level of debt finance required to support the business going forwards. The most significant change to the agreement is that the maximum permissible leverage ratio (measured as the ratio of net debt to EBITDA) must not exceed 2x (previously 3x). The definition of EBITDA has also been defined to exclude certain non-cash and one-off trading impacts that have unfavourable impacts on the calculation. The Group is forecast to operate within the bank covenant requirements set out in the facility agreements amended with effect from 30 June 2016 after taking in to account reasonably possible downside changes in trading performance.

In assessing the going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts including the post balance sheet events set out above and latest forecasts and assessment of the risks faced by the Group, taking into account reasonably possible changes in trading performance. Accordingly, after making enquiries and receiving confirmation of Group support as 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

11th July 2016

TRIBAL EDUCATION LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Under section 414C(11) of the Companies Act, the directors may include in the strategic report such matters otherwise required by regulations made under section 416(4) to be disclosed in directors' report, as the directors consider these to be of strategic importance to the company. Subsequently, details of future developments and events in the business of the company and details of research and development activities are included in the strategic report on pages 2 to 6 and form part of this report by cross-reference.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The loss for the year after taxation was £31,429,000 (2014: profit of £3,612,000). Dividends paid in the year were £nil (2014: £5,000,000). The directors have proposed that no final dividend should be declared in 2015.

Further details of the company's financial performance for the year ended 31 December 2015 are provided in the strategic report on pages 2 to 6.

DIRECTORS

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

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report. Directors' and officers' liability insurance is provided for all Directors of the Company.

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 44 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 7 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.

Further information is disclosed on page 42 of the Group's Annual Report which does not form part of this report.

POLITICAL DONATIONS

The company made no political donations during the year (2014: £nil).

EXISTENCE OF BRANCHES OUTSIDE THE UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows: New Zealand, South Africa, Abu Dhabi, Botswana and Saudi Arabia.

TRIBAL EDUCATION LIMITED

DIRECTORS' REPORT (continued)

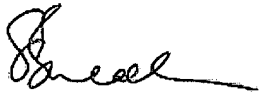
AUDITOR

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.

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



S D Breach
Director

11th July 2016

TRIBAL EDUCATION LIMITED

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), including FRS 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 2015 which comprise the Income statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 28. 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), including FRS 101 "Reduced Disclosure Framework".

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 2015 and of its loss 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.

Delyth Jones

Delyth Jones (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom
13 July 2016

TRIBAL EDUCATION LIMITED

INCOME STATEMENT for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
REVENUE	4	84,579	102,992
Cost of sales		(52,412)	(62,271)
GROSS PROFIT		32,167	40,721
Administrative expenses	5	(65,165)	(36,670)
OPERATING (LOSS)/PROFIT		(32,998)	4,051
Investment revenue	8	36	102
Finance cost	9	(87)	(229)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(33,049)	3,924
Tax credit/(charge) on (loss)/profit on ordinary activities	11	1,620	(312)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(31,429)	3,612

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

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
(Loss)/profit for the financial year		(31,429)	3,612
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	24	(165)	(749)
Deferred tax on measurement of defined benefit pension schemes	17	33	150
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(117)	5
Total comprehensive (loss)/profit for the year		(31,678)	3,018

TRIBAL EDUCATION LIMITED

BALANCE SHEET
At 31 December 2015

	Note	2015		2014(restated)*	
		£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Goodwill	12		21,988		47,105
Other Intangible assets	12		6,371		12,954
Property, plant & equipment	13		2,691		2,652
Investments *	14		15,728		15,653
Deferred tax asset	17		2,335		841
Retirement benefit obligation	24		88		137
			49,201		79,342
CURRENT ASSETS					
Inventories	15	133		611	
Trade and other receivables	16	27,238		18,585	
Cash and bank balances		1,316		15,615	
		28,687		34,811	
CURRENT LIABILITIES					
Payables	19	(39,450)		(45,604)	
Provisions	21	(2,217)		(284)	
		(41,667)		(45,888)	
NET CURRENT LIABILITIES			(12,980)		(11,077)
TOTAL ASSETS LESS CURRENT LIABILITIES			36,221		68,265
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Amounts owed to group undertakings	20		(56,736)		(55,075)
Provisions	21		-		(1,898)
NET (LIABILITIES)/ASSETS			(20,515)		11,292
EQUITY					
Called up share capital	22		1		1
Share premium account	23		6,699		6,699
Share option reserve	23		359		484
Retained earnings	23		(27,574)		4,108
SHAREHOLDERS' (DEFICIT)/FUNDS			(20,515)		11,292

* £7,872,000 of long term loan balances have been reclassified from Amounts owed to Group undertakings in Long-term liabilities to investments in non-current assets to be consistent with the presentation in 2015. There is no impact on the company's net assets in 2014.

The financial statements of Tribal Education Limited, registered number 04163300, were approved and signed by the Board of Directors and authorised for issue on 11 July 2016.



S D Breach
Director

11th July 2016

TRIBAL EDUCATION LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium account	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2014 as previously stated	1	6,699	390	6,052	13,142
Changes on transition to FRS 101 (note 2)	-	-	-	171	171
Balance at 1 January 2014 restated	1	6,699	390	6,223	13,313
Loss for the year as previously stated	-	-	-	(559)	(559)
Changes on transition to FRS 101 (note 2)	-	-	-	4,171	4,171
Other comprehensive income for the year	-	-	-	(594)	(594)
Total comprehensive income for the year	-	-	-	3,018	3,018
Dividends	-	-	-	(5,000)	(5,000)
Credit to equity for share based payments	-	-	94	-	94
Tax charge to equity for share based payments	-	-	-	(133)	(133)
Balance at 31 December 2014 and 1 January 2015 as restated	1	6,699	484	4,108	11,292
Loss for the year	-	-	-	(31,429)	(31,429)
Other comprehensive income for the year	-	-	-	(249)	(249)
Total comprehensive income for the year	-	-	-	(31,678)	(31,678)
Charge to equity for share based payments	-	-	(125)	-	(125)
Net tax charge to equity for share based payments	-	-	-	(4)	(4)
Balance at 31 December 2015	1	6,699	359	(27,574)	(20,515)

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1. GENERAL INFORMATION

Tribal Education Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 6.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of Tribal Group plc. The group accounts of Tribal Group plc are available to the public and can be obtained as set out in note 27.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the amendments to FRS 101 issued by the FRC in July 2015. The Company has chosen to early adopt the changes to FRS 100 and 101 arising from the new EU accounting directive implemented in the UK by the Companies, Partnership and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980).

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For information see note 2.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

£7,872,000 of long term loan balances have been reclassified from Amounts owed to Group undertakings in Long-term liabilities to investments in non-current assets to be consistent with the presentation in 2015. There is no impact on the company's net assets in 2014.

Adoption of new and revised standards

In the current financial year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2015 including Amendments to IAS19, Defined Benefit Plans: Employee Contributions, and Annual Improvements to IFRS 2010–2012 Cycle and 2011–2013 Cycle. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. In addition, amendments to IFRS 8, Operating Segments and IAS24, Related Party Disclosures require additional disclosures, which have been incorporated into these financial statements where appropriate.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IFRS 16 Leases
- IAS 1 (amendments) Disclosure Initiative
- IAS 16 and IAS 4 (amendments) Agriculture: Bearer Plants
- IAS 27 (amendments) Equity method in separate financial statements
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation Annual Improvements 2012–2014 Cycles

It is not practicable to provide a reasonable estimate of the effect of these standards, and in particular IFRS 15 and IFRS 16, until a detailed review has been completed.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015.

2. ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, share based payments, financial instruments and remuneration of key management personnel.

Where relevant, equivalent disclosures have been given in the group accounts of Tribal Group plc. The group accounts of Tribal Group plc are available to the public and can be obtained as set out in note 27.

The financial statements have been prepared under the historical cost basis, except for financial instruments which are recognised at fair value, and in accordance with Financial Reporting Standard 101 (FRS 101) as issued by the Financial Reporting Council.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Reconciliation of equity	At 1 January 2014 £'000	At 31 December 2014 £'000
Equity reported under previous UK GAAP	13,142	7,083
Adjustments to equity on transition to FRS 101		
1. Write back of Goodwill amortisation	-	3,943
2. Write back revaluation of consideration	-	228
3. Deferred tax on share option schemes	171	38
Equity reported under FRS 101	13,313	11,292

Adjustment 1: Previously under UK GAAP, the goodwill balance has been amortised. Under IFRS Goodwill is now reviewed for impairment. The adjustment reflects the amortisation for 2014 added back.

Adjustment 2: Previously under UK GAAP the reduction in the valuation of the deferred consideration provision relating to International Graduate Insight Group Limited (IGRAD) was set off against the investment in IGRAD. Under IFRS this reduction has been credited to the income statement.

Adjustment 3: Previously under UK GAAP the deferred tax on share options schemes was not included in subsidiary accounts. Under IFRS this is now pushed down to the subsidiaries.

Reconciliation of total comprehensive income for the year ended 31 December 2014

	£'000
Total comprehensive loss for the financial year under previous UK GAAP	(1,153)
Write back of Goodwill amortisation	3,943
Write back revaluation of consideration	228
Total comprehensive income for the financial year under FRS 101	3,018

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2. ACCOUNTING POLICIES (continued)

Going concern

Tribal Group plc, the parent company, has undertaken to make adequate financial resources available to the company to meet its current and future obligations as and when they fall due. Given the reliance on the parent company, it is important that the Directors have considered the ability of the parent company to provide the financial support required by the company to continue to operate as a going concern for the foreseeable future which is at least 12 months from the approval of these financial statements.

The annual report of Tribal Group plc contains substantial disclosure on the Group Directors' consideration of Going Concern.

Since the annual report of Tribal Group plc was published, the Group completed the sale of its Synergy business for £20.25m (the Disposal). In addition, the Group raised £22.25 million (gross of estimated costs of £1.8m) via a Rights Issue and placing in order to achieve a more appropriate capital structure which has eliminated its indebtedness.

On 30 June 2016, the Group has agreed amendments to the terms of its banking facilities which remain committed until June 2018. The size of the overall credit facility has been reduced from £50million to £25million, a level more appropriate for the Group balance sheet following the completion of the rights issue and the sale of Synergy which resulted in a significant reduction in the outstanding indebtedness and consequently a reduction in the level of debt finance required to support the business going forwards. The most significant change to the agreement is that the maximum permissible leverage ratio (measured as the ratio of net debt to EBITDA) must not exceed 2x (previously 3x). The definition of EBITDA has also been defined to exclude certain non-cash and one-off trading impacts that have unfavourable impacts on the calculation. The Group is forecast to operate within the bank covenant requirements set out in the facility agreements amended with effect from 30 June 2016 after taking in to account reasonably possible downside changes in trading performance.

In assessing the going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts including the post balance sheet events set out above and latest forecasts and assessment of the risks faced by the Group, taking into account reasonably possible changes in trading performance. Accordingly, after making enquiries and receiving confirmation of Group support as 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.

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.

Leases

Operating lease rentals are charged against income on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Share-based payments

Tribal Group plc issues equity-settled share-based payments to certain employees in Tribal Education Limited.. Equity-settled share-based payments are measured at fair value at the date of grant. This is expensed on a straight-line basis over the vesting periods of the instruments. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. Fair value is measured by use of an adjusted Black-Scholes model.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of each asset, other than properties in the course of construction, by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	life of the lease
Fixtures and fittings and other equipment	3 to 7 years

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 the various potential elements 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.
- Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applied.

For multi-element contracts that include more than one revenue stream, we establish the fair value of the component parts and the revenue is recognised for each element in line with the above policy.

In addition to this, the Company 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.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2. 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.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

If, after reassessment, the Company's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units ('CGUs') expected to benefit from the combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU (or groups of CGUs) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro rata on the basis of the carrying amount of each asset. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal. Goodwill arising on acquisition before the date of transition to IFRSs has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

On transition to FRS 101 on 1 January 2014 the company has frozen its goodwill at its carrying 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.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2. ACCOUNTING POLICIES (continued)

Investments

Investments are initially measured at cost, including transaction costs. Investments are classified as either held-for-trading or available-for-sale. They are measured at subsequent reporting dates at cost, where they relate to unquoted equity investments where fair value cannot be reliably measured, and at fair value otherwise. A provision for any impairment is made where necessary.

Inventories

Stocks and work in progress, other than long-term contracts, are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all marketing, selling and distribution costs.

Internally generated intangible assets – research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group'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 economic lives of 2 to 7 years. Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss. A provision for any impairment is made where necessary. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Taxation

Current 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax in the income statement is charged or credited, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2. ACCOUNTING POLICIES (continued)

Retirement benefit costs

The Company operates various defined contribution pension schemes that are established in accordance with employment terms set by the employing companies. The assets of these schemes are held separately from those of the Company in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes, where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the Statement of Comprehensive Income in the period in which they occur. Remeasurement recorded in the Statement of Comprehensive Income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Company presents the first component of defined benefit costs within cost of sales and administrative expenses in the consolidated income statement. Curtailment gains and losses are accounted for as past-service cost. Net interest expense or income is recognised within finance costs. The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit pension schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes. Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand which have a right of offset against cash balances. These instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 2, the Board has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Goodwill and other intangible assets

The carrying value of goodwill at the year-end is £22.0m (2014: £47.1m). An annual impairment review is required under IAS 36 'Impairment of assets' involving judgement of the future cash flows and discount rates for cash-generating units. The Company prepares such cash flow forecasts derived from the most recent budgets approved by the Board of Directors for the next two years. Further details of the other assumptions used are given in note 12.

The carrying value of development costs is £5.2m (2014: £12.7m). Judgement is required to assess whether costs meet the criteria for capitalisation set out in IAS 38, the useful life of those assets, and subsequently the consideration of the potential need for impairment of these assets, in particular in relation to their expected ability to generate future revenue.

Revenue recognition

The Group's revenue recognition policies are disclosed in note 1. In some cases, particularly in relation to significant software delivery programmes on which we are engaged in a number of international settings, judgement is required to determine the most appropriate measure of the fair value and the timing of revenue and profit recognition related to the services and products that have been delivered to customers at the balance sheet date. Judgement is also required in the assessment of the risk of recoverability of any associated receivables and accrued income where invoicing and/or payment is subject to certain future milestones. Programme delivery requirements, software specification and customer expectations may evolve during the course of these major projects. This may result in developments to ongoing commercial arrangements that could materially impact the basis of financial judgements made at a period end. Therefore the potential impact of these evolving obligations and the overall customer project status must be considered carefully and where appropriate reflected in accounting judgements.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

4. REVENUE

Consistent with the Group, of which it is a part, the company is organised into a number of business segments: Product Development and Customer Services, Implementation, Professional & Business Solutions and Quality Assurance Solutions.

The principal activities of the company are as follows:

- Product development and customer services, representing revenues from sale of software and subsequent maintenance revenues, and the costs of developing and maintaining that software;
- Implementation services, representing the results of activities through which we deploy and configure our software for our customers;
- Professional and business solutions, representing a portfolio of performance improvement tools and services, including analytics, benchmarking and transformation services; and
- Quality assurance solutions, representing inspection and review services which support the assessment of educational delivery

	2015 £'000	2014 £'000
Revenue split by business segment		
Product Development & Customer Services	31,275	42,212
Implementation	14,287	10,658
Professional & Business Solutions	10,093	16,723
Quality Assurance Solutions	28,924	33,399
	<u>84,579</u>	<u>102,992</u>

	2015 £'000	2014 £'000
Revenue split by geography		
UK	70,804	82,431
Asia Pacific	7,416	12,504
North America and the rest of the world	6,359	8,057
	<u>84,579</u>	<u>102,992</u>

5. OPERATING (LOSS)/PROFIT

	2015 £'000	2014 £'000
Operating (loss)/profit is stated after charging:		
Staff costs (see note 7)	45,483	52,115
Depreciation and other amounts written off property, plant & equipment	1,277	1,273
Amortisation of development costs	3,228	3,267
Amortisation of business systems	37	28
Cost of inventories recognised as an expense	216	344
Research and development expenditure	1,090	1,688
Impairment of goodwill	25,117	-
Impairment losses on development costs	7,495	2,584
Movement in deferred contingent consideration	(266)	228
Intercompany receivables/payables	979	-
Net foreign exchange loss	449	289

During the year Tribal Education Limited waived receivables and wrote off payables from Group companies as follows: Tribal Agency Limited £782,647 (receivable), Tribal Property Limited £295,999 (receivable) and Tribal Dundas Limited £99,999 (payable). Consequently a charge of £978,647 has been included in the accounts.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £65,000 (2014:£44,000). £34,000 has been borne by a fellow Group company and has not been recharged.

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

7. STAFF COSTS

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

	2015 No.	2014 No.
Administration	208	220
Operations and sales	901	943
	<u>1,109</u>	<u>1,163</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	38,038	44,189
Social security costs	3,876	4,377
Other pension costs	2,786	3,037
Redundancy costs	908	418
Share-based payment charge	(125)	94
	<u>45,483</u>	<u>52,115</u>

The total staff costs above include £3.7m (2014: £2.6m) capitalised as development costs.

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. Their total remuneration payable for 2015 and comparable amounts for the preceding year are as follows: K Evans: £198,145 (2014: £1,181,076) and S Breach : £277,981 (2014: £817,930) . K Evans ceased being a Director on 30 June 2015.

R Garner was appointed a Director of Tribal Education Limited on 01 July 2015. He is remunerated by Tribal Group plc for his services to the Group as a whole and it is not practicable to allocate his remuneration between his services as a director of this company and his services as director of other group companies. His total remuneration payable for 2015 was £269,060.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

8. INVESTMENT REVENUE

	2015 £'000	2014 £'000
Bank interest	2	49
Net interest on pension scheme	34	53
	<u>36</u>	<u>102</u>

9. FINANCE COST

	2015 £'000	2014 £'000
Other interest	11	-
Unwinding of discount on deferred consideration & onerous contracts (see note 22)	76	229
	<u>87</u>	<u>229</u>

10. DIVIDENDS

	2015 £'000	2014 £'000
Dividend paid		
£nil (2014: £5,000) per ordinary share	<u>-</u>	<u>5,000</u>

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

11.	TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	
	2015	2014
	£'000	£'000
Current tax		
Corporation tax on (losses)/profits for the year	34	-
Adjustments in respect of group transfers	(201)	10
Overseas tax	88	338
Adjustments in respect of prior periods	(42)	(31)
Current tax (credit)/charge	<u>(121)</u>	<u>317</u>
Deferred tax		
Current year	(1,664)	9
Adjustments in respect of prior periods	61	(14)
Effect of rate change on opening balances	104	-
Deferred tax credit	<u>(1,499)</u>	<u>(4)</u>
Tax on (loss)/profit on ordinary activities	<u><u>(1,620)</u></u>	<u><u>312</u></u>

The average standard rate of tax for the year was 20.25% (2014: 21.5%). 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
(Loss)/profit on ordinary activities before taxation	<u>(33,049)</u>	<u>3,924</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(6,692)	843
Effects of:		
Expenses not deductible for tax purposes	(11)	43
Impairment of goodwill	5,086	-
Adjustments in respect of prior periods	19	(45)
Transfer pricing adjustments	(396)	(372)
Intercompany loan write off	198	-
Effect of rate change	104	(1)
Ineligible depreciation	52	(31)
Effect of differences in overseas tax rates	18	11
Share schemes	2	(136)
Total tax (credit)/charge	<u><u>(1,620)</u></u>	<u><u>312</u></u>

In addition to the amount charged to the income statement a current tax credit of £34,000 (2014 £nil) and a deferred tax charge of £38,000 (2014: £133,000) has been recognised directly in equity during the year in relation to share schemes. A deferred tax credit of £33,000 (2014: £150,000) has been recognised in the Statement of Comprehensive Income in relation to Defined Benefit pension schemes.

The income tax expense for the year is based on the blended UK statutory rate of corporation tax for the period of 20.25% (2014: 21.5%). This rate reflects the reduction of the UK corporation tax rate from 21% to 20% from 1 April 2015. Tax for other jurisdictions is calculated at the prevailing rates prevailing in the respective jurisdictions.

Further reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Group's future tax charge accordingly. The deferred tax balances at 31 December 2015 have been calculated using these rates.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Development costs	Business systems	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2014	78,854	25,053	75	103,982
Additions	-	4,074	180	4,254
Disposals	-	(78)	-	(78)
At 31 December 2014 and 1 January 2015	<u>78,854</u>	<u>29,049</u>	<u>255</u>	<u>108,158</u>
Written off	-	(3,523)	-	(3,523)
Additions	-	3,200	1,022	4,222
Disposals	-	(403)	-	(403)
At 31 December 2015	<u>78,854</u>	<u>28,323</u>	<u>1,277</u>	<u>108,454</u>
Depreciation				
At 1 January 2014	31,749	10,474	2	42,225
Charge for the year as previously stated	3,943	3,267	28	7,238
FRS 102 adjustment	(3,943)	-	-	(3,943)
Disposals	-	(4)	-	(4)
Impairment	-	2,584	-	2,584
At 31 December 2014 and 1 January 2015 restated	<u>31,749</u>	<u>16,321</u>	<u>30</u>	<u>48,100</u>
Written off	-	(3,523)	-	(3,523)
Charge for year	-	3,228	37	3,265
Disposals	-	(359)	-	(359)
Impairment	25,117	7,495	-	32,612
At 31 December 2015	<u>56,866</u>	<u>23,162</u>	<u>67</u>	<u>80,095</u>
Net book value				
At 31 December 2015	<u>21,988</u>	<u>5,161</u>	<u>1,210</u>	<u>28,359</u>
At 31 December 2014 restated	<u>47,105</u>	<u>12,729</u>	<u>225</u>	<u>60,059</u>
At 31 December 2014 as previously reported	<u>43,162</u>	<u>12,729</u>	<u>225</u>	<u>56,116</u>

Development costs

An impairment of £7.5m (2014: £2.6m) has been recognised in the current year in respect of development costs. In light of operational issues encountered in the second half of 2015, there was a deterioration in trading performance which has impacted on expected cash flows into the future. Additionally there have been changes to management and to the Board in the second half of the year with the new team reconsidering the strategy of the Group and its future forecasts in conjunction with the assessment of the Group's future funding requirements. As a result, certain modules or products have been impaired, to align their carrying values with current expectations relating to the ability of such modules or product to generate probable future economic benefits. This assessment has been based on a review of future sales pipeline and identified opportunities, which have sufficient current probability of deal completion to support the costs deferred on the balance sheet. In certain cases, external factors, such as change or deferral of government policy, have also triggered an impairment review of certain ongoing development work. The resultant impairment charge has been recognised as 'administrative costs'.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

12. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Development costs (continued)

Of the £7.5m impairment recognised, £0.6m (2014: £0.1m) relates to costs incurred and capitalised in the current reporting period.

Goodwill

The Company is organised into four business segments – Product Development and Customer Services (“PD & CS”), Implementation Services (“Implementation”), Professional and Business Solutions (“PBS”) and Quality Assurance Solutions (“QAS”). A description of the activities of these CGUs is included in note 4. The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU groups are determined from value in use calculations. The consolidated accounts for Tribal Group plc provide extensive details of the assumptions and processes adopted for the value in use calculations therefore, as permitted by FRS 101 ‘Reduced Disclosure Framework’, these details have not been repeated in the Company’s accounts.

The significant downturn in the Group’s performance over the course of 2015, coupled with conservative estimates of the future trading of the Group have led to material impairments being recorded to a value of £25.1m (2014: £nil) across the PD&CS, PBS and QAS CGUs:

PD&CS: An impairment of £6.1m (2014: £nil) has been recorded in the PD&CS CGU. Remaining goodwill for this CGU is £16.1m.

Implementation: No impairment has been recorded in respect of this CGU. Remaining goodwill for this CGU is £5.9m.

PBS: PBS closed its Careers business during the first half of 2015 and its SLS business during the second half of 2015 and has used the most recent cash flow forecasts for the division in its impairment calculations. As a result, an impairment has arisen during the course of 2015 of £10.7m (2014: £nil). This impairment charge reduces the carrying value of this CGU’s goodwill to £nil (2014: £10.7m).

QAS: During 2014, Ofsted announced its intention to in-source its schools inspection contract held by the Group’s QAS business, with the contract ceasing in August 2015. The remaining Ofsted contract, relating to Early Years inspections, was extended a further 18 months during the prior year to March 2017. During the second half of 2015 Ofsted have confirmed that they will in-source the contract at this date; cash flow assumptions for this contract therefore cease at this date. As a result, an impairment has been recognised during the course of 2015 of £8.3m (2014: £nil) resulting in the full impairment of goodwill in respect of this CGU.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

13. PROPERTY, PLANT & EQUIPMENT

	Short Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2014	1,569	94	3,944	166	5,773
Additions	358	(10)	857	4	1,209
Disposals	(458)	(19)	(116)	(40)	(633)
At 31 December 2014 and 1 January 2015	1,469	65	4,685	130	6,349
Additions	448	21	716	1	1,186
Transfers	145	-	-	-	145
Disposals	(8)	-	(342)	-	(350)
At 31 December 2015	2,054	86	5,059	131	7,330
Depreciation					
At 1 January 2014	912	49	2,004	92	3,057
Charge for the year	273	12	957	31	1,273
Disposals	(458)	(19)	(116)	(40)	(633)
At 31 December 2014 and 1 January 2015	727	42	2,845	83	3,697
Charge for year	255	10	993	19	1,277
Transfers	5	(1)	-	-	4
Disposals	(8)	-	(331)	-	(339)
At 31 December 2015	979	51	3,507	102	4,639
Net book value					
At 31 December 2015	1,075	35	1,552	29	2,691
At 31 December 2014	742	23	1,840	47	2,652

During 2014, the useful economic lives of certain IT hardware equipment included within "Computer Equipment" were revised and were extended from 3 to 5 years. The effect has been to reduce depreciation in 2014 by £0.2m.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

14. INVESTMENTS

	Shares in subsidiary undertakings £'000	Long term loans £'000	Total £'000
Cost			
At 1 January 2014	21,654	-	21,654
Additions	-	7,872	7,872
At 31 December 2014	21,654	7,872	29,526
 Additions	75	-	75
At 31 December 2015	21,729	7,872	29,601
 Impairment			
At 1 January 2014 and 31 December 2015	13,873	-	13,873
 Net book value			
At 31 December 2015	7,856	7,872	15,728
At 31 December 2014	7,781	7,872	15,653

£7,872,000 of long term loan balances have been reclassified from Amounts owed to Group undertakings in Long-term liabilities to investments in non-current assets to be consistent with the presentation in 2015. There is no impact on the company's net assets in 2014. This amount represents long term loans to subsidiaries to fund the purchase of acquisitions.

Details of the Company's subsidiaries are as follows:

Name	Proportion of ordinary shares	Country of incorporation	Principal activity
Tribal Hubs Limited	100%	UK	Dormant
Tribal Property Limited	100%	UK	Dormant
Class Measures Limited	100%	UK	Dormant
Class Measures INC*	100%	USA	Education related
International Graduate Insight Group Limited	100%	UK	Educational consultancy
I-Graduate USA LLC*	100%	USA	Educational consultancy
Tribal Systems Canada Limited	100%	Canada	Education related
Tribal Group PTY Limited	100%	Australia	Education related
Human Edge Software Corporation PTY Ltd*	100%	Australia	Education related
Tribal Campus PTY Limited*	100%	Australia	Education related
Callista Software Services PTY Limited*	100%	Australia	Education related
Human Edge Software Philippines*	100%	Philippines	Education related
T2P Limited*	100%	New Zealand	Education related
Tribal Education INC	100%	USA	Education related
Tribal Group South Africa (PTY) Limited	100%	South Africa	Education related
Tribal Group (Malaysia) SDN	100%	Malaysia	Education related

* Held indirectly

On 6 April 2016, Tribal Hubs Limited and Tribal Property Limited were struck off the Registrar of Companies. The proportion of voting rights held is equivalent to the equity shareholdings. Tribal Education Limited also operates branches in New Zealand, South Africa, Botswana, Abu Dhabi and Saudi Arabia.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

15. INVENTORIES

	2015 £'000	2014 £'000
Work in progress	117	337
Finished goods and goods for resale	16	274
	<u>133</u>	<u>611</u>

The cost of inventories recognised as an expense during the year in respect of continuing operations is £216,000 (2014: £344,000).

16. TRADE AND OTHER RECEIVABLES

	2015 £'000	2014 £'000
Trade debtors	8,895	8,246
Amounts receivable from group undertakings	9,691	1,355
Corporation tax	1,776	287
Amounts recoverable on contracts	-	115
Other debtors	70	78
Prepayments	2,232	2,485
Accrued income	4,574	6,019
	<u>27,238</u>	<u>18,585</u>

17. DEFERRED TAX ASSET

	Accelerated capital allowances £'000	Share Based payments £'000	Tax losses £'000	Other short-term timing differences £'000	Retirement Benefit obligations £'000	Total £'000
At 1 January 2014 as previously stated	629	78	-	95	(153)	649
FRS 102 adjustment (see note 2)	-	171	-	-	-	171
At 1 January 2014 restated	629	249	-	95	(153)	820
Credit/(charge) to profit and loss	52	(26)	-	2	(24)	4
Credit to other comprehensive income	-	-	-	-	150	150
Charge to equity for share based payments	-	(133)	-	-	-	(133)
At 1 January 2015 restated	681	90	-	97	(27)	841
Credit/(charge) to profit and loss	42	(52)	1,589	(58)	(22)	1,499
Credit to other comprehensive income	-	-	-	-	33	33
Charge to equity for share based payments	-	(38)	-	-	-	(38)
At 31 December 2015	723	-	1,589	39	(16)	2,335

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

18. LONG-TERM CONTRACTS

At the end of 2015, accrued income included amounts due from contract customers of £94,000 (2014: £851,000) and deferred income included amounts due from contract customers of £63,000 (2014: £5,000).

	2015 £'000	2014 £'000
Contract costs incurred plus recognised profits less recognised losses to date	3,003	2,639
Less: progress billings	(2,993)	(2,100)
	<u>10</u>	<u>539</u>

At 31 December 2015, retentions held by customers for contract work amounted to £112,000 (2014: 793,000). There are no amounts included in trade and other receivables arising from long-term contracts due for settlement after more than 12 months.

19. TRADE AND OTHER PAYABLES

	2015 £'000	2014 £'000
Trade creditors	1,426	2,093
Amounts owed to group undertakings	7,815	3,791
Other taxation and social security	2,821	3,467
Other creditors	823	7,359
Accruals	9,265	8,440
Deferred income	17,300	20,454
	<u>39,450</u>	<u>45,604</u>

20. AMOUNTS DUE GREATER THAN ONE YEAR

	2015 £'000	2014 £'000
Amounts owed to Group undertakings	<u>56,736</u>	<u>55,075</u>

£7,872,000 of long term loan balances have been reclassified from Amounts owed to Group undertakings in Long-term liabilities to investments in non-current assets to be consistent with the presentation in 2015. There is no impact on the company's net assets in 2014.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

21. PROVISIONS

	Property related £000	Deferred consideration £000	Onerous contracts £000	Total £000
At 1 January 2015	-	1,456	726	2,182
Transfer from accruals	446	-	-	446
Increase/(release) in provision	294	(266)	818	846
Utilisation of provision	(189)	-	(1,144)	(1,333)
Unwind of discount	-	33	43	76
At 31 December 2015	551	1,223	443	2,217
			£'000	£'000
Amounts falling due within one year			2,217	284
Amounts falling due after more than one year			-	1,898
			2,217	2,182

Property related provisions reflect costs associated with exiting properties leased by businesses now discontinued or closed. Costs are expected to be incurred over a period of up to one year.

Deferred consideration reflects amounts in respect of the acquisitions of subsidiary undertakings, payable over a period of up to 3 years. Certain amounts are contingent upon the performance of the acquired entities, with amounts reflecting management's best estimate of the future profitability of those entities and the resultant payments due under the terms of the Sale and Purchase Agreements.

Onerous contracts represent costs anticipated from contracts, where we have withdrawn from markets but are committed to multiyear maintenance deals which necessitate a minimum level of staffing which will not be covered by contract revenues

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

22. SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1	1

23. RESERVES

	Share Premium account £'000	Share option reserve £'000	Retained earnings £'000
At 1 January 2015	6,699	484	4,108
Loss for the financial year	-	-	(31,429)
Share-based payment charge	-	(125)	-
Currency translation difference on foreign currency net investments	-	-	(117)
Other recognised losses (net)	-	-	(132)
Net tax on charge to equity for share based payment	-	-	(4)
At 31 December 2015	6,699	359	(27,574)

24. RETIREMENT BENEFIT 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 £2,169,000 (2014: £2,259,000). Contributions of £242,000 (2014: £297,000) 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 2015.

Employer contributions amounting to £21,000 were paid in the year ended 31 December 2015 (2014: £34,000).

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

24. RETIREMENT BENEFIT SCHEMES (CONTINUED)

The assets of the PPP Scheme have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under IAS 19 are:

	2015 % per annum	2014 % per annum
Inflation	3.3	3.1
Salary increases	3.8	3.6
Rate of discount	3.8	3.7
Pension in payment increases (non-GMP component)	3.3	3.1

The mortality assumptions adopted at 31 December 2015 imply the following life expectancies:

Male retiring at age 65 in 2015	87.4
Female retiring at age 65 in 2015	89.8
Male retiring at age 65 in 2035	88.7
Female retiring at age 65 in 2035	91.3

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 0.1%	Decrease by 3%
Rate of inflation	Increase by 0.1 %	Increase by 3%
Rate of salary growth	Increase 0.1 %	Increase by 3%
Rate of mortality	Increase by one year	Increase by 3%

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

	2015 £'000	2014 £'000
Equities	-	56
Alternative assets	-	19
Corporate bonds	100	60
Gilts	97	61
Total fair value of the scheme assets	197	196

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

	2015 £'000	2014 £'000
Total fair value of assets	197	196
Present value of scheme liabilities	(197)	(196)
Net pension liability	-	-

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

24. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Analysis of amounts charged to the income statement under IAS 19:

	2015 £'000	2014 £'000
Administrative expenses:		
Current service credit	(22)	(16)
Other administrative expenses	21	20
	(1)	4
Other finance charges:		
Interest on pension scheme liabilities	6	7
Expected return on pension scheme assets	(7)	(7)
Net finance income	(1)	-
Total (credit)/charge to income statement	(2)	4

Analysis of actuarial gain in the statement of comprehensive income

	£'000	£'000
Actual return less expected return on pension scheme assets	(6)	14
Experience losses arising on the scheme liabilities	-	(2)
Effects of changes in assumptions	(6)	(11)
Actuarial (loss)/gain for the year	(12)	1

Movement in the scheme during the year:

	2015 £'000	2014 £'000
Opening position	-	(9)
Movement in the year:		
Credit/(charge) to income statement	2	(4)
Employer contributions	21	34
Actuarial (loss)/gain	(12)	1
Restriction in asset recognised	(11)	(22)
Closing position	-	-

The Company expects to contribute £22,000 to the Scheme during the year to 31 December 2016

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 2015 by a qualified actuary, independent of the scheme's sponsoring employer.

Employer contributions amounting to £678,000 were paid in the year ended 31 December 2015 (2014: £744,000).

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

24. RETIREMENT BENEFIT SCHEMES (continued)

The assets of the FPP Scheme have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under IAS 19 are:

	2015 % per annum	2014 % per annum
Inflation	3.3	3.10
Salary increases	2.8	2.60
Rate of discount	3.8	3.70
Pension in payment increases (non-GMP component)	2.30 – 3.30	2.10 – 3.10
Allowance for commutation of pension for cash at retirement	None	None

The mortality assumptions adopted at 31 December 2015 imply the following life expectancies:

Male retiring at age 60 in 2015	87.7
Female retiring at age 60 in 2015	90.0
Male retiring at age 60 in 2035	90.2
Female retiring at age 60 in 2035	92.5

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 10.7%
Rate of inflation	Increase by 0.5%	Increase by 12.5%
Rate of salary growth	Increase by 0.5%	Increase by 3.4%
Rate of mortality	Increase by one year	Increase by 2.0%

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

	2015 £'000	2014 £'000
Equities	5,479	5,051
Corporate bonds	2,948	2,521
Cash	68	115
Total fair value of scheme assets	8,495	7,687

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

	2015 £'000	2014 £'000
Total fair value of assets	8,495	7,687
Present value of scheme liabilities	(8,407)	(7,550)
Net pension asset	88	137

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

24. RETIREMENT BENEFIT SCHEMES (continued)

Analysis of amounts charged to the income statement:

	2015 £'000	2014 £'000
Current service cost	618	707
Other finance charges:		
Interest on pension scheme liabilities	263	245
Expected return on pension scheme assets	(296)	(298)
Net finance income	(33)	(53)
Total charge to income statement	585	654
Analysis of actuarial loss in the statement of comprehensive income		
	£'000	£'000
Actual return less expected return on pension scheme assets	(172)	248
Experience gains/(losses) arising on the scheme assets	77	(62)
Changes in assumptions underlying the present value of scheme liabilities	(232)	(543)
Actuarial loss for the period	(327)	(357)

Movement in the surplus during the year:

	2015 £'000	2014 £'000
Opening surplus	137	775
Movement in the year:		
Charge to income statement	(585)	(654)
Employer contributions	678	744
Actuarial loss	(327)	(357)
Restriction in asset recognised	185	(371)
Closing surplus	88	137

The Company expects to contribute £525,000 to the Scheme during the year to 31 December 2016.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

24. RETIREMENT BENEFIT SCHEMES (continued)

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

	2015	2014
	£'000	£'000
Opening surplus	137	766
Movement in the year:		
Charge to income statement	(583)	(658)
Employer contributions	699	778
Actuarial loss	(339)	(356)
Restriction in asset recognised	174	(393)
Net pension asset	<u>88</u>	<u>137</u>

Analysis of actuarial loss in the statement of comprehensive income

	£'000	£'000
Actual return less expected return on pension scheme assets	(178)	262
Experience gains/(losses) arising on the scheme assets	77	(64)
Restriction in asset recognised	174	(393)
Changes in assumptions underlying the present value of scheme liabilities	(238)	(554)
Actuarial loss for the period	<u>(165)</u>	<u>(749)</u>

History of experience gains and losses

	31	31	31	31	31
	December	December	December	December	December
	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Present value of defined obligations	(8,604)	(7,746)	(5,819)	(5,044)	(2,999)
Fair value of scheme assets	8,692	7,883	6,585	4,782	2,640
Surplus/(deficit) in the scheme	<u>88</u>	<u>137</u>	<u>766</u>	<u>(262)</u>	<u>(359)</u>
Experience adjustments arising on scheme assets					
Amount	(178)	262	352	301	29
Percentage of the scheme assets	(2)%	3%	5%	6%	1%
Experience adjustments arising on scheme liabilities					
Amount	(161)	(618)	1,040	(54)	(113)
Percentage of the scheme liabilities	2%	8%	18%	(1%)	4%

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

25. LEASE COMMITMENTS

	2015 £'000	2014 £'000
Lease payments under operating leases recognised as an expense in the year	1,034	1,144

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 £'000	2014 £'000
Within one year	913	914
In the second to fifth year inclusive	1,331	1,226
After five years	380	-
	<u>2,624</u>	<u>2,140</u>

Operating lease payments represent rentals payable by the Company. Leases are negotiated for a term of three years.

26. CONTINGENT LIABILITIES

A cross-guarantee exists between the Group companies in respect of bank facilities totalling £36,204,000 (2014: £14,510,000). There was no liability at the year-end.

27. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly-owned 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 parent of the only group for which group financial statements are prepared. The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is Tribal Group plc. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

28. POST BALANCE SHEET EVENTS

On 29 February 2016, the Group announced that it had agreed to dispose of its Synergy children's services management information systems business to Servelec Group plc for total consideration of £20.25m. It is noted that two of the Group's directors, Richard Last and Roger McDowell, are also directors of Servelec Group plc: given the conflict thus arising, neither director has participated in the Board's consideration of the disposal of Synergy.

During 2015, the Synergy business generated revenues of £6.3m (2014: £6.6m), and included £4.1m (2014: £4.0m) of recurring software maintenance revenues. Other revenue generated by the Synergy business of £1.1m (2014: £1.0m) related to the Implementation Services segment.

The Synergy business delivered an operating profit £2.7m in 2015 (2014: £3.2m), stated before allocation of before allocation of costs of central support services which will not transfer to Servelec Group plc. These non-transferring activities include IT services, HR, finance, legal, marketing and head office costs. Additionally, the operating profit for 2015 is stated before exceptional charges of £1.0m (2014: £nil).

As at the year-end date, assets held in respect of the Synergy business amounted to £0.5m of capitalised product development costs, £0.2m of property, plant and equipment, and current assets of £1.4m. Current liabilities amounted to £2.6m. In addition, it is anticipated that on disposal, an allocation of goodwill arising in the PD&CS & Implementation cash generating unit will be allocated to the Synergy business.