

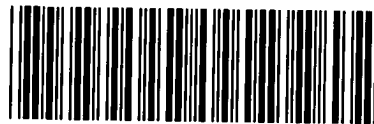
**Company Registration Number 04163300**

**TRIBAL EDUCATION LIMITED**

**Annual Report and Financial Statements**

**31 December 2020**

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COMPANIES HOUSE

**TRIBAL EDUCATION LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2020**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Directors' report	8
Statement of directors' responsibilities in respect of the financial statements	10
Independent auditors' report	11
Income Statement	14
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16
Cash flow Statement	17
Notes to the financial statements	18

## **TRIBAL EDUCATION LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

M Pickett  
R Last

#### **REGISTERED OFFICE**

Kings Orchard  
1 Queen Street  
Bristol  
BS2 0HQ

#### **BANKERS**

Lloyds Bank  
PO Box 112  
Canon's House  
Canon's Way  
Bristol  
BS99 7LB

HSBC Bank  
3 Temple Quay  
Bristol  
BS1 6DZ

#### **SOLICITORS**

Taylor Wessing  
5 New Street Square  
London  
EC4A 3TW

#### **INDEPENDENT AUDITORS**

BDO LLP  
Bridgewater House  
Counterslip  
Bristol  
BS1 6BX

## TRIBAL EDUCATION LIMITED

### STRATEGIC REPORT

#### REVIEW OF THE BUSINESS

##### **Business overview**

Tribal Education Limited provides world-class educational management software and services to customers in selected markets across the world, using our resources and expertise to create value that is shared with our stakeholders, and empowering educators to help produce the next generation of leaders.

Tribal reports under 2 operating segments namely Student Information Systems (SIS) and Education Services (ES).

Student Information Systems (SIS) represents the delivery of software and subsequent maintenance and support services and the activities through which we deploy and configure our software for our customers; and

Education Services (ES) representing inspection and review services which support the assessment of educational delivery, and a portfolio of performance improvement tools and services, including analytics, software solutions, facilities and asset management.

##### **Market overview**

##### *Student Information Systems*

Student Information Systems delivered a resilient performance in the period with increased profits against a slightly reduced revenue, largely due to the impact of Covid-19 on sales to new and existing customers in the middle of the year. The Company had a positive end to the year, closing a number of significant sales to new and existing customers.

Covid-19 had a significant impact on the education market during the year. The impact in the UK began in March with the announcement of the national lockdown. This required our customers to divert operational and IT focus away from new sales activity with Tribal to the provision of remote learning capability for their students. University finances came into focus as the scale and potential duration of the pandemic became clear, placing risk on the number of students taking up places in the Autumn. This had the effect of slowing sales to existing customers as spending was paused, and elongating the sales process with new customers. The disruption of Covid-19 began to ease in the final quarter of the year as UK students returned to education and took up their places. Tribal ended the year with the addition of a new SITS:Vision customer: Arden University in the UK.

The implementation of SITS:Vision to recent new customers continued during the year. There was some initial disruption due to Covid-19, however this was relatively short lived as the Universities quickly adapted to remote working with Tribal. In the UK we commenced work with the University of Northampton, and continued to work at Glasgow Caledonian University, University of Bristol, Canterbury Christ Church University, University of Sheffield and the University of Portsmouth.

The Company's cloud offering was enhanced in the year through the launch of Tribal:Cloud, enabling all existing products to be hosted and managed by Tribal in the public cloud, resulting in cost efficiencies for our customers whilst significantly increasing Tribal's share of wallet. There was one significant Tribal:Cloud sale in the second half of the year to existing customers: King's College London in the UK, and there is growing pipeline across our existing customer base.

We continued to deliver on our Tribal Edge strategy, which provides a compelling vision to new and existing customers to embrace our next-generation, best-of-breed, cloud native Student Information System (SIS) solutions. As a cloud native SIS, Tribal Edge provides a competitive differentiator in targeting and acquiring new customers. In addition, it protects Tribal's customer base into the future by providing the most efficient, lowest cost route to achieve a comprehensive, integrated, open-standards SIS which maximises the student experience and reduces the technical complexity and IT cost for our customers.

Our ebs software, which predominantly focuses on the Further Education and Vocational Learning markets but increasing being considered by smaller universities, continued to perform strongly. We won a number of significant new customers in the UK including Cambridge Education Group, City of Wolverhampton College, the University of Gibraltar and Highlands College in Jersey. The latter being a full ebs implementation in the Tribal:Cloud. We also concluded the largest ever ebs implementation at College Northern Ireland.

## TRIBAL EDUCATION LIMITED

### STRATEGIC REPORT (continued)

#### REVIEW OF THE BUSINESS (continued)

Our Maytas software, which supports work-based learning and apprenticeship management providers in the UK and is increasingly of interest to Higher Education institutions providing degree apprenticeships, had a good sales year. In the year we added Siemens Energy and Skills4Pharmacy in the private sector, and De Montfort University Leicester and Anglia Ruskin University in Higher Education. We also completed our largest ever Maytas implementation project with Sopra Steria/Construction Industry Training Board (CITB).

##### *Education Services*

In Education Services our team proved their adaptability in the face of Covid-19, with the key assurance, training and inspections contracts in the UK continuing largely remotely.

Our major contracts with the Department of Education and the National Centre for Excellence in the Teaching of Maths ("NCETM") in the UK largely performed as planned and adapted quickly to the impacts of Covid-19 with the majority of work able to be delivered remotely. The school inspections contract for the Abu Dhabi Department of Education and Knowledge ("ADEK") in the Middle East was impacted by Covid-19 with inspections paused until the schools re-open. These are expected to resume upon relaxation of Covid-19 restrictions.

The benchmarking and student surveys work continued; however, the larger Student Barometer survey for the southern Hemisphere had to be delayed to 2021.

##### **Strategy**

Our strategy is to focus on international education sectors – Higher Education, Further Education and Vocational institutions, schools, Government and State bodies, Training Providers, and Employers – and to underpin student success through the provision of expertise, software and services.

The main strategic priorities being as follows:

- Deliver a cloud-native student information ecosystem
- Increase Annual recurring Revenue
- Grow market share in established and new territories
- Drive improved margin

Further information can be found in the Tribal Group plc (The "Group") Annual Report available at [www.tribalgroup.co.uk](http://www.tribalgroup.co.uk).

##### **Review of operations**

In 2020, the Company reported a profit after tax of £6.4m (2019: loss after tax of £2.2m). This is a decrease of £0.5m from £6.9m in 2019 after excluding the one-off cost of £9.1m incurred in 2019 in settlement of the platform dispute. The Company has continued to build on the success in 2019 and has maintained underlying profitability.

The Directors measure the performance of the Company based on three KPIs (Key Performance Indicators) being revenue, operating margin and profit for the financial year. Revenue for the year decreased to £51.9m (2019: £55.8m) primarily due to the Middle East being impacted by Covid-19 with inspections paused until the schools re-open. The Company's operating margin for the year has increased 14 % (2019: (5%)), primarily due to costs relating to the platform dispute in 2019, which has now been settled. Profit before taxation was £7.5m (2019: Loss before taxation: £2.6m).

The Company is in a net asset position of £2.6m as at 31 December 2020 (2019: net liability position of £9.2m). Net current assets are £17.2m (2019: £4.0m). Considerations arising in respect of the adoption of the going concern assumption are set out on pages 6 to 7.

## TRIBAL EDUCATION LIMITED

### STRATEGIC REPORT (continued)

#### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties managed by 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:

- **Reputation:** Failure to deliver contractual commitments, or failure to meet investor expectations. This is mitigated by the Company maintaining strong controls to ensure successful project delivery and the Board engaging with investors on a regular basis
- **Contract tendering:** Poor commercial negotiation and documentation on major contracts. Failure to adapt to local legal framework on international projects. Penetration in new markets increases risk of omissions and mistakes. This is mitigated by the Company maintaining a formal Delegation of Authority matrix to ensure appropriate visibility and approval of all potential contracts.
- **Project delivery:** Failure to meet project milestones and other contractual requirements; customer subject to own internal pressures. This is mitigated by the Company reviewing project progress on a monthly basis at Executive Management level with Board oversight.
- **Innovation and technology:** Increasing emergence and demand for cloud architected solutions for some legacy technology platforms and core products. It is mitigated by the Group investing in a new Student Information Systems product strategy with a Cloud Operations (hosting) focus. This is continuing to move functionality from existing platforms to newer cloud-based applications.
- **Information security:** Data loss or system security breach. Increasing regulatory data protection and information security requirements including health related controls over student management data. This is mitigated by the Group operating a Secure Data Centre and continues to roll out ISO 27001 certification across the business, and investing in security software and training for all staff. In addition, the Group has its own Data Protection Officer who ensures compliance with GDPR.
- **People:** Key employees leave the Company. The Company has incentive schemes designed to attract, motivate and retain key employees, whilst encouraging appropriate behaviours. We aim to provide competitive remuneration packages for all staff. No sole staff member is considered to be a single point of failure.

#### FINANCIAL RISK MANAGEMENT

##### Financial risks

The main financial risks the Company faces relate to the continued sales of our software, where a trading downturn puts a strain on the operating cash flow, credit risk arising from contractual delays or scope changes, fluctuations in interest rates, and foreign exchange risk.

##### Operating cash flow risk

The Company benefits from significant annually recurring revenue which is received throughout the year. A 12 month rolling cash flow forecast is updated on a monthly basis to help identify any risk in future operating cash flows.

##### Credit risk

The credit risk arising from contractual delays or scope changes is reviewed monthly by the Board. The Company seeks to reduce the risk of credit losses arising from non-payment by our customers. This risk is closely monitored by the Credit & Collections team, which form part of Group Finance. Tribal incurred no material credit losses in 2020.

## TRIBAL EDUCATION LIMITED

### STRATEGIC REPORT (continued)

#### FINANCIAL RISK MANAGEMENT (continued)

##### Interest Rate risk

At the end of 2020, the Company had no bank loan indebtedness. However, the Company is exposed to interest rate risk because it holds cash and cash equivalents at floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, and forward rate agreements and interest swaps may be used, where appropriate, to achieve the desired mix of fixed and floating rate debt. There are no open derivative financial instruments at the year end.

##### Foreign exchange risk

The Company's reporting currency is Sterling. Several of its branches have different functional currencies, so increases and decreases in the value of Sterling versus the currency used by the Company will affect its reported results, and the value of assets and liabilities on the consolidated balance sheet.

The Company's principal currency exchange exposure is to the Australian dollar although as at 31 December 2020, the Company was also exposed to movements in the rates between Sterling and the US dollar, Hungarian Forint and New Zealand dollar.

The Company's Finance team oversees management of foreign exchange risk, and policies and procedures approved by the Company's directors. Where appropriate, forward foreign exchange contracts and options reduce potential financial exposure to an acceptable level. There were no open contracts at the year end.

##### Contract risk

The Company seeks to reduce the risk on contracts including the risk of failure to deliver, legal claims and onerous financial terms. This risk is mitigated using appropriate legal resource to review contracts and an internal control process for contract approval.

##### Cyber Risk

The Company relies on technology in our day-to-day business. These systems are potentially vulnerable to service interruptions and data breaches from attacks by malicious third parties, or from intentional or inadvertent actions by our employees. Failure to protect against the threat of cyber-attack could adversely impact the systems performing critical functions which could lead to a significant breach of security or contracts, jeopardising sensitive commercial or personal data and financial transactions of the Company.

The Company has invested in the protection of its data and IT systems from the threat of cyber-attack. Cyber security training is mandatory for all employees and a formal policy exists to minimise this risk. Furthermore, the Group ensures compliance with ISO and GDPR standards and there is a formal data breach process in place adopted by the Board.

##### Effect of Covid-19

The outbreak of Covid-19 remains a concern as it has the potential to impact the way we carry out our future business. Thus far Tribal has responded well to the restrictions caused by Covid-19 and we transitioned quickly and efficiently to remote working. Similarly, our customers adapted well to the challenges of Covid-19. During 2020, as a business we put in place a number of short-term precautionary measures to preserve cash, these were lifted in quarter 3 of 2020 however we continue to closely monitor the ongoing impact of Covid-19 on a regular basis.

#### 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 £4,282,000 (2019: £4,126,000), with no further development costs being capitalised as intangible fixed assets (2019: £nil).

## 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.

Tribal had cash and cash equivalents of £9.5m at the end of 2020 plus access to an undrawn UK overdraft of £2.0m. This is after £0.1m of furlough benefits and all temporary tax deferrals were repaid in full before 31 December 2020. On 21 January 2020 the Group entered into a 3 year £10m multicurrency revolving facility with HSBC with the option to extend by a further 2 years. The first option to exercise was approved by HSBC on 16 March 2021 with no significant changes to note. The facility was put in place to cover general corporate and working capital requirements of the Group. Tribal Group plc has undertaken to make adequate financial resources available to the Group to meet its current and future obligations as and when they fall due.

Tribal responded to the challenges presented by the Covid-19 pandemic and transitioned quickly and efficiently to remote working. The changes customers have seen from the delivery of work has been well received and demonstrates Tribal's ability to adapt and change as a business but still serve customers. It also demonstrates the benefits of remote working to the business both in terms of reduction of travel costs and increase in productivity which is expected to continue to benefit the business into the future post-Covid-19. Any medium to longer-term effects or changes resulting from Covid-19 on education institutions will become clearer over time and the ongoing impact of Covid-19 is being closely monitored on a regular basis.

Tribal's main business is software related through the provision of Student Information Systems (SIS) to education institutions in the UK, and a number of other overseas locations. Revenue is generated from the sale of software licenses and related implementation work, and the ongoing provision of support & maintenance and cloud/hosting services.

To date the support & maintenance and cloud/hosting services have been unaffected. Customers have continued to pay for the services, all of which can and are being delivered remotely. This revenue, which is annual recurring (repeat) income and represents half of the total annual revenue, 2/3 of the software revenue, provides a level of protection and certainty to the business. We expect this position to continue.

The Group had a positive end to the year, closing a number of significant sales to new and existing customers. The financial impact of Covid-19 and the changing expectations of students, means that never has the need for cloud-based solutions for the Education market been more pressing. The investments the Group continue to make position Tribal at the forefront of this evolution in the industry.

Tribal's other business area, Education Services (ES), provides training, inspections, surveys and benchmarking to education institutions globally. The larger UK contracts in ES mostly continued unaffected by Covid-19 as we were able to adapt our delivery to a remote model very quickly. The temporary closure of schools, particularly in the Middle East, has caused delays to the delivery of inspections work until the schools re-open. We have seen some delays on surveys and benchmarking with projects delayed to later in the year or next year. Whilst we have seen revenue decrease in 2020 our profit margins have a degree of protection as we operate a variable cost model. We expect paused contracts in the UAE to resume in 2021 and we have recently extended both the AMSP and NPQ contracts until Q3 2022 and Q4 2022 respectively thus increasing revenues going forward.

As part of this assessment, management have included various sensitivities to better understand the impact to the business, this includes but is not limited to, a decrease in revenue, a decrease in cash receipts and the impact of meeting our covenant requirements should we draw down on the available facility. Management would also introduce cost saving measures to mitigate the impact on profit and cash if necessary. We do though remain positive about the medium and longer term prospects for the Group. Based on this assessment they have a reasonable expectation that adequate financial resources will continue to be available for at least 12 months from the date of approval of the financial statements.



**TRIBAL EDUCATION LIMITED****STRATEGIC REPORT (continued)****GOING CONCERN (continued)****Adoption of the going concern basis**

In assessing the Company's going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts and latest forecasts and assessment of the risks faced by the Group, taking into account reasonably possible changes in trading performance. In addition, management have sufficiently stress tested the latest forecasts to the point where either the Group cannot meet its liabilities or is in breach of banking covenants and have concluded that this position is so remote it does not have a significant impact on the Group's ability to continue as a going concern. 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.

**FUTURE PROSPECTS**

Tribal enters the current financial year with increased levels of revenue visibility due to the strong sales performance in 2020, a strengthened position in the significant South East Asia market through the addition of Nanyang Technological University to the customer base and a considerably expanded addressable market through the launch of Tribal:Cloud and imminent launch of Tribal Edge Admissions.

The financial impact of Covid-19 and the changing expectations of students, means that never has the need for cloud-based solutions for the Education market been more pressing. The investments the Group continue to make position Tribal at the forefront of this evolution in the industry, providing for an exciting future for the Group.

**SECTION 172**

Engaging, consulting and action on the needs of different stakeholders is critical for the development and delivery of a culture and strategy that achieves long-term success. Tribal undertakes meaningful engagement with its stakeholder groups to build trust and supports the ethos of Section 172 of the Companies Act 2006 which sets out that the Directors should have regard to stakeholder interest when discharging their duty to promote the success of the Company. The Directors always strive to act in the best interest of the Company and to be fair and balanced in its approach to stakeholder management. The needs of different stakeholders are always considered as well as the consequences of any decision in the long term and the importance of our reputation for high standards of business conduct. Please refer to the Section 172 Statement in the Group Annual Report.

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

DocuSigned by:

*Mark Pickett*

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**M Pickett**

Director

31 March 2021

## **TRIBAL EDUCATION LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

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 ACTIVITIES**

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 profit for the financial year was £6,408,000 (2019: Loss £2,220,000). Dividends paid in the year were £nil (2019: £nil). The directors have proposed that no final dividend should be declared in respect of 2020. Dividends received in the year were £4,398,000 (2019: £nil).

The Company is in a net asset position of £2,562,000 at 31 December 2020 (2019: net liability position of £9,237,000). Considerations arising in respect of the adoption of the going concern assumption are set out in the Strategic Report.

Further details of the company's financial performance for the year ended 31 December 2020 are provided in the strategic report on pages 2 to 7.

### **DIRECTORS**

The Directors of the company who were in office during the year and up to the date of signing the financial statements were Mark Pickett and Richard Last.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which have been in force during the financial year and 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 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 Company's activities. Please refer to the Environmental, Social and Governance Report included in the Group Annual Report.

### **EMPLOYEES**

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The Company is an equal opportunities employer and bases all decisions on individual ability, regardless of race, religion, gender, sexual orientation, age or disability. Applications for employment by disabled persons will always be fully considered, having regard to their particular aptitudes and abilities. Should any employee become disabled, every practical effort is made to provide continued employment. Depending on their skills and abilities, they enjoy the same career prospects and scope for realising their potential as other employees. Appropriate training is arranged for disabled employees, including retraining for alternative work for those who become disabled, to promote their career development within the organisation.

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

## **TRIBAL EDUCATION LIMITED**

### **DIRECTORS' REPORT (continued)**

Further information is disclosed on pages 34,35 and 63 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 (2019: £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 and Hungary. The South African branch is in the process of being de-registered. The Company also has an indirect branch in Singapore.

### **RISKS AND UNCERTAINTIES**

The Company's principal risks and uncertainties are explained in the Strategic Report on page 4.

### **FINANCIAL RISK MANAGEMENT**

The Company's financial risk management is explained in the Strategic Report on pages 4 and 5.

### **POST BALANCE SHEET EVENTS**

There have been no significant events to report since the date of the balance sheet.

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

In accordance with Section 418, Directors' reports shall include a statement, in the case of each Director in office at the date the Directors' report is approved, that:

- (1) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware.
- (2) he 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 auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board on 31 March 2021.

DocuSigned by:  
*Mark Pickett*  
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**M Pickett**  
Director

## **TRIBAL EDUCATION LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**TRIBAL EDUCATION LIMITED****INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TRIBAL EDUCATION LIMITED****Opinion on the 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tribal Education Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, Statement of Other Comprehensive Income, Balance sheet, Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**TRIBAL EDUCATION LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRIBAL EDUCATION LIMITED****Other Companies Act 2006 reporting**

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/period 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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**TRIBAL EDUCATION LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRIBAL EDUCATION LIMITED**

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation also verifying the business rationale. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls. We further addressed the susceptibility of the Company's financial statements to fraud occurring in revenue recognition. This is due to the judgements taken by the directors in determining revenue recognised for long term contracts. We performed testing of the stage of completion of contracts to evidence obtained from sources outside of the finance function to ensure the appropriateness of revenue recognised in the period.

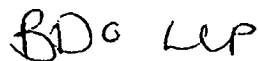
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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.



Sarah Joannidi (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Bristol UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**31 March 2021**

**TRIBAL EDUCATION LIMITED****INCOME STATEMENT**  
**for the year ended 31 December 2020**

	<b>Note</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>REVENUE</b>	4	51,937	55,768
Cost of sales		<u>(26,197)</u>	<u>(29,670)</u>
<b>GROSS PROFIT</b>		25,740	26,098
Administrative expenses		<u>(18,169)</u>	<u>(28,644)</u>
<b>OPERATING PROFIT/(LOSS)</b>	5	7,571	(2,546)
Finance income	8	48	21
Finance costs	8	<u>(115)</u>	<u>(124)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		7,504	(2,649)
Tax (charge)/credit on profit/(loss)	9	<u>(1,096)</u>	<u>429</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>6,408</u></u>	<u><u>(2,220)</u></u>

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2020**

	<b>Note</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Profit/(loss) for the financial year		6,408	(2,220)
<b>Other comprehensive (expense)/income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit pension schemes	21	(438)	490
Deferred tax on measurement of defined benefit pension schemes	14	89	(83)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		<u>66</u>	<u>91</u>
<b>Total other comprehensive (expense)/income for the year net of tax</b>		<u>(283)</u>	<u>498</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>6,125</u></u>	<u><u>(1,722)</u></u>



**TRIBAL EDUCATION LIMITED****BALANCE SHEET****As at 31 December 2020**

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>NON-CURRENT ASSETS</b>					
Goodwill	10		2,880		2,881
Other Intangible assets	10		878		1,207
Property, plant and equipment	11		538		756
Right-of-use assets	23		2,013		2,435
Net investment in lease			174		266
Investments	12		20,739		20,739
Deferred tax asset	14		3,349		3,602
Contract assets			22		100
			<u>30,593</u>		<u>31,986</u>
<b>CURRENT ASSETS</b>					
Trade and other receivables	13	68,005		61,342	
Cash at bank and in hand		3,395		6,577	
		<u>71,400</u>		<u>67,919</u>	
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	(53,493)		(63,362)	
Lease liabilities	23	(617)		(496)	
Provisions for liabilities	17	(57)		(91)	
		<u>(54,167)</u>		<u>(63,949)</u>	
<b>NET CURRENT ASSETS</b>			<u>17,233</u>		<u>3,970</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>47,826</u>		<u>35,956</u>
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
Amounts owed to group undertakings	16	(41,846)		(41,817)	
Contract liabilities	15	(208)		(78)	
Lease liabilities	23	(1,729)		(2,259)	
Provisions for liabilities	17	(523)		(499)	
Retirement benefit obligation	21	(958)		(540)	
		<u>(45,264)</u>		<u>(45,193)</u>	
<b>NET ASSETS/(LIABILITIES)</b>			<u>2,562</u>		<u>(9,237)</u>
<b>EQUITY</b>					
Called up share capital	19		1		1
Share premium account	20		6,699		6,699
Share option reserve	20		2,845		1,927
Accumulated losses	20		(6,983)		(17,864)
<b>TOTAL SHAREHOLDERS' SURPLUS/(DEFICIT)</b>			<u>2,562</u>		<u>(9,237)</u>

Notes 1 to 26 form part of these financial statements.

The financial statements on pages 14 to 47 of Tribal Education Limited, registered number 04163300, were approved and signed by the Board of Directors and authorised for issue on 31 March 2021.

DocuSigned by:

*Mark Pickett*

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**M Pickett**

Director

## TRIBAL EDUCATION LIMITED

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2020

	Note	Called up Share Capital £'000	Share premium account £'000	Share option reserve £'000	Accumulated losses £'000	Total Shareholders' (deficit)/surplus £'000
<b>Balance at 1 January 2019 as previously reported</b>		1	6,699	1,289	(16,222)	(8,233)
Effect of IFRS 15		-	-	-	(49)	(49)
Tax effect of IFRS 15		-	-	-	6	6
Total effect of IFRS 15		-	-	-	(43)	(43)
Balance as at 1 January 2019 restated		1	6,699	1,289	(16,265)	(8,276)
Loss for the financial year		-	-	-	(2,220)	(2,220)
Other comprehensive income for the financial year net of tax		-	-	-	498	498
<b>Total comprehensive expense for the year</b>		-	-	-	(1,722)	(1,722)
Credit to equity for share based payments		-	-	638	-	638
Tax credit on charge to equity for share based payments		-	-	-	123	123
<b>Balance at 31 December 2019</b>		1	6,699	1,927	(17,864)	(9,237)
Profit for the financial year		-	-	-	6,408	6,408
Other comprehensive expense for the financial year net of tax		-	-	-	(283)	(283)
<b>Total comprehensive profit for the year</b>		-	-	-	6,125	6,125
Dividends received		-	-	-	4,398	4,398
Credit to equity for share based payments		-	-	918	-	918
Tax credit on charge to equity for share based payments	14	-	-	-	358	358
<b>Balance at 31 December 2020</b>		1	6,699	2,845	(6,983)	2,562

**TRIBAL EDUCATION LIMITED****CASH FLOW STATEMENT**  
**for the year ended 31 December 2020**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Net cash used in operations</b>	22	<u>(6,553)</u>	<u>(5,522)</u>
<b>Investing activities</b>			
Interest received	8	1	12
Net gain on forward contracts	8	41	-
Purchases of property, plant and equipment	11	(206)	(344)
Expenditure on intangible assets	10	(227)	(161)
Payment of deferred consideration for acquisitions		-	(485)
<b>Net cash used in investing activities</b>		<u>(391)</u>	<u>(978)</u>
<b>Financing activities</b>			
Payment of principal portion of lease liabilities	23	(590)	(430)
Interest paid on lease liabilities		(68)	(76)
Proceeds from sub-leases		52	52
Equity dividend received		4,398	-
Interest paid	8	<u>(31)</u>	<u>(4)</u>
<b>Net cash from/(used in) financing activities</b>		<u>3,761</u>	<u>(458)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(3,183)</u>	<u>(6,958)</u>
<b>Net cash and cash equivalents at beginning of year</b>		6,577	13,580
<b>Effect of foreign exchange rate changes</b>		1	(45)
<b>Net cash and cash equivalents at end of year</b>		<u>3,395</u>	<u>6,577</u>

## **TRIBAL EDUCATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020**

#### **1. GENERAL INFORMATION**

Tribal Education Limited (the Company) is a Company incorporated and domiciled in England and Wales 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 7.

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 financial statements of Tribal Group plc. The group financial statements of Tribal Group plc are available to the public and can be obtained as set out in note 25.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC).

*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. The financial information has been prepared on the historical cost basis except for share based payments which are recognised at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.*

#### **Adoption of new and revised standards**

In the current financial year, there have been no new standards or amendments which became effective for the current reporting period that have had a material effect on the Company.

The Company has taken advantage of the exemption under FRS 101 paragraph 8(i) not to disclose this information.

## TRIBAL EDUCATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

#### 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. These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
 The requirements of paragraphs 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, and 134 to 136 of IAS 1 Presentation of Financial Statements.
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Where relevant, equivalent disclosures have been given in the group financial statements of Tribal Group plc. The group financial statements of Tribal Group plc are available to the public and can be obtained as set out in note 25.

##### 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. See pages 6 and 7 for full details.

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.

Tribal Group had cash and cash equivalents of £9.5m at the end of 2020 plus access to an undrawn UK and Australian overdraft of £2.0m and \$AUD 2.0m respectively. This is after £0.1m of furlough benefits and all temporary tax deferrals were repaid in full before the 31 December 2020. On 21 January 2020 the Group entered into a 3 year £10m multicurrency revolving facility with HSBC with the option to extend by a further 2 years. The first option to exercise was approved by HSBC on 16 March 2021. The facility was put in place to cover general corporate and working capital requirements of the Group and was fully drawn down in March 2020 but was repaid in full before 31 December 2020. Tribal Group plc has undertaken to make adequate financial resources available to the Group to meet its current and future obligations as and when they fall due. We responded to the challenges presented by the Covid-19 pandemic and we transitioned quickly and efficiently to remote working. The changes customers have seen from our delivery of work across the business has been well received and demonstrates our ability to adapt and change as a business but still serve customers. It also demonstrates the benefits of remote working to the business both in terms of reduction of travel costs and increase in productivity which we expect to continue to benefit the business into the future post-Covid-19.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Going concern (continued)**

Any medium to longer-term effects or changes resulting from Covid-19 on education institutions will become clearer over time and we continue to closely monitor the ongoing impact of Covid-19 on a regular basis.

The Group's software products benefit from a significant installed customer base, whilst its other activities are typically delivered under the framework of long-term contracts. Collectively, the Group has a range of customers across different geographic areas, good levels of committed income and a pipeline of new opportunities. While the Group's net current liability position has decreased slightly to £16.2m from £16.5m in 2019, it is still being driven by the recognition of IFRS 16 lease liabilities as current liabilities of £1m, the deferred consideration recognised relating to the Tribal Dynamics Ltd acquisition of £1.4m and net current contract liabilities of £19.1m relating to deferred customer revenue recognised in accordance with IFRS 15.

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income. The changes customers have seen from our delivery of work across the business as a result of Covid-19 has been well received and demonstrates our ability to adapt and change as a business but still serve customers. It also demonstrates the benefits of remote working to the business both in terms of reduction of travel costs and increase in productivity which we expect to continue to benefit the business into the future. The impact on 2021 will become clearer as the year progresses and as the medium to longer-term impact of Covid-19 on education institutions is understood.

The Directors, having considered the cash-flow forecast, and while noting the Group has net current liabilities, have performed a risk assessment of likely downside scenarios and associated mitigating actions. Based on this assessment they have a reasonable expectation that adequate financial resources will continue to be available for at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

In assessing the Company's going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts and latest forecasts and assessment of the risks faced by the Group, taking into account reasonably possible changes in trading performance. In addition, management have sufficiently stress tested the latest forecasts to the point where either the Group cannot meet its liabilities or is in breach of banking covenants and have concluded that this position is so remote it does not have a significant impact on the Groups ability to continue as a going concern. 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 financial statements**

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

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Revenue 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. Analysis has been provided by revenue stream:

**Student Information Systems:**

- Revenue on perpetual software licenses is recognised on the commencement of software implementation and related consultancy. Revenue will be recognised over the duration of the project implementation period on a percentage complete basis being the number of days complete compared to the number of days expected for the project based on timesheet records. Performance obligations are considered to be met when the installation of software is complete. Revenue is recognised over time as the conditions as set out in IFRS 15.35 are met;
- Where there is a short implementation, as with most Further Education and Work-based Learning sales, there will be little if any impact. For the larger deals, which may typically have implementation periods of two years or more, this has the effect of spreading the recognition of License revenue over an extended period, rather than immediate, upfront recognition;
- Revenue from term software licenses is spread over the period of the license;
- Revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period, reflecting the Company's obligation to support the relevant software products and update their content over the contract period;
- Other services that are purchased for a specific term are recognised on a pro rata basis over the contract period. This includes services such as hosting and managed IT services;

Revenue from software implementation, consultancy and other services that involve the purchase of a number of days is recognised as the service is provided.

**Education Services:**

Revenue from the sale of services is recognised upon transfer of control to the customer and assessment of performance obligations. This is generally when services are performed for customers. The method by which the Company measures the service being performed varies depending on the nature of the contract, but will typically be driven by either time incurred or deliverables delivered as appropriate to the particular arrangement with the customer. Performance obligations are considered complete upon the transfer of deliverables as defined in the contract.

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

For multi-element contracts that include more than one separable revenue stream, the fair values of the component parts are established and revenue recognised for each separable element in line with the policy above. Where legally separate contracts are entered into at or near the same time, with the same entity and were negotiated as a package, they are treated as a single arrangement for accounting purposes. Performance obligations are met in the same way they are for each relevant stream as noted above.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Revenue (continued)**

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 required. 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.

The transaction price of contracted goods and services is shown separately in the contract with customers. The contracted prices of each component of a product sale are expected to provide a robust and appropriate starting point in seeking to allocate the total transaction price to the identified performance obligations. The time value of money is not expected to be significant as contracts where cash is disconnected from revenue by greater than one year are likely to be rare. There are limited variables outside the contracted price which impact the transaction price allocated to performance obligations.

Balances arise on contract assets and liabilities arise when cumulative payments received from customers at the balance sheet date do not necessarily equal the amount of revenue recognised on contracts. Customers are on standard payment terms which may result in settlement of invoices prior to recognition of associated revenue.

**Business systems**

The Company's business systems are treated as an intangible asset where the probable future economic benefits arising from the investment can be assessed with reasonable certainty at the time the costs are incurred. Costs included are those directly attributable to the design, construction and testing of new systems (including major enhancements) from the point of inception to the point of satisfactory completion. Maintenance and minor modifications are expensed against the income statement as incurred. These assets are amortised by equal instalments over an average of three to ten years.

**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, computer and office equipment	3 to 7 years

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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.



**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Provisions (continued)**

A property related provision is recognised and measured as a provision when the Company has a present obligation arising under a property related contract. This includes dilapidation costs arising from exiting a leasehold property where the costs are not all expected to be incurred during the next year. For a business that is closed or to be discontinued the provision reflects the costs associated with exiting the property leased by the discontinued or closed business.

An onerous contracts provision is recognised and measured as a provision when the Company has a present obligation arising under an onerous contract. An onerous contract is considered to exist where the Company 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.

A legal claims provision is recognised and measured as a provision when the Company has a present obligation arising under a legal claim. This includes anticipated costs to resolve any contractual disputes and any anticipated costs in respect of disputes arising on previously disposed of businesses.

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.

**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 or a division, 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.

**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

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Foreign currencies (continued)**

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. These are considered to be approximate rates for the transaction dates. Exchange differences arising, if any, are recognised directly within equity within other comprehensive income. Such translation differences are recognised as income or expense in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**Investments**

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

**Acquired Intangibles**

Acquired intangibles are stated at cost, net of amortisation and any recognised impairment loss. These assets are amortised on a straight line basis over their useful economic lives of 15 years.

**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 Company's product development is recognised only if all of the following conditions have been demonstrated:

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

Internally generated intangible assets are amortised on a straight-line basis over their useful economic lives of 5 to 15 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

**Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Tangible and Intangible assets are amortised over their estimated useful lives. Right-of-use assets are depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Impairment of tangible and intangible assets excluding goodwill (continued)**

The recoverable amount is the higher of fair value less costs to sell and the value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Unlike intangible assets and goodwill, right of use assets are not subject to a significant risk of material impairment, due to the nature and short-term duration of the leases held by the Group. Expected changes to the rental duration of office properties and the corresponding discount rate used to value lease liabilities are not considered probable within the course of normal business, so are excluded from the requirements set out in IAS 1.125.

**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.

**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 the particular 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 for 2017, 2018, 2019 and 2020 LTIPs (including the CSOP) and the 2019 SAYE, and a Monte-Carlo model for the LTIPs awarded in 2016, as these will vest dependent on market conditions.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured by reference to the measurement of the lease liability on that date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line-method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies for Impairment of tangible and intangible assets excluding goodwill.

**ii) Lease liabilities**

The lease liability is initially measured at the present values of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value items including office equipment. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification as a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Retirement benefit costs**

The Company operates two defined contribution pension schemes that are established in accordance with employment terms set by the Company. 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.

**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.

**Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company does not currently hold any assets at fair value through profit or loss.

**Amortised cost**

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables) and cash and cash equivalents. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Impairment of financial assets**

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the trade receivables. Provisions are recorded net in a separate provision account with the loss being recognised in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since the initial recognition of the asset.

**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 fair value through profit and loss (FVTPL) or 'amortised cost'. The Company does not currently hold any assets at fair value through profit or loss.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Company'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**

The carrying value of goodwill at the year-end is £2,880,000 (2019: £2,881,000). 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. Further details of the other assumptions used are given in note 10.

**Other Intangible assets**

The carrying value of development costs is £477,000 (2019: £1,007,000). 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. Further details of the other assumptions used are given in note 10.

**Revenue recognition**

The Company's revenue recognition policies are disclosed in note 2. In some cases, particularly in relation to 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 the revenue and profit recognition related to the service and products that have been delivered to customers at the balance sheet date. In particular before any license revenue can be recognised, the license must have been delivered and installed at the customers premises and be available to use by the customer in the environment on which installation will take place. Judgement is also required in the associated risk of recoverability of any associated receivables

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

and contract assets 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 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.

**4. REVENUE**

Consistent with the Group, of which it is a part, the Company is organised into a number of business segments as detailed below:

Student Information Systems ("SIS") represents the delivery of software and subsequent maintenance and support services and the activities through which we deploy and configure our software for our customers; and

Education Services ('ES') represents inspection and review services which support the assessment of educational delivery, previously Quality Assurance Solutions (QAS), and a portfolio of performance improvement tools and services, including analytics, software solutions, facilities and asset management, previously i-graduate.

<b>Revenue split by business segment</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Student Information Systems	39,464	34,658
Education Services	12,473	21,110
	<u>51,937</u>	<u>55,768</u>
<b>Revenue split by geography by origin</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
UK	46,126	48,998
Asia Pacific	3,088	3,274
North America and the rest of the world	2,723	3,496
	<u>51,937</u>	<u>55,768</u>

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****5. OPERATING PROFIT/(LOSS)**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit/(loss) is stated after charging/(crediting):</b>		
Staff costs (see note 7)	32,729	33,776
Platform dispute	-	9,133
Depreciation and other amounts written off property, plant and equipment	427	444
Depreciation of right-of-use assets	616	527
Amortisation of development costs	532	672
Amortisation of business systems	20	209
Amortisation of software licences	1	61
Amortisation of Acquired Intangibles	-	156
Write off of business systems	-	646
Research and development expenditure	4,282	4,126
Net foreign exchange loss/(profit)	430	(426)

**6. AUDITORS' REMUNERATION**

Fees payable to the Company's auditors BDO LLP for the audit of the Company's annual financial statements were £72,000 (2019: £69,000). Fees payable to BDO 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 monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Finance and administration	75	83
Operations and sales	536	531
	<u>611</u>	<u>614</u>

The aggregate payroll costs of these persons were as follows:

	<b>£'000</b>	<b>£'000</b>
Wages and salaries	27,682	28,673
Social security costs	2,744	2,933
Other pension costs	863	938
Redundancy costs	315	594
Share-based payment charge	1,125	638
	<u>32,729</u>	<u>33,776</u>

The total staff costs above include £nil (2019: £nil) capitalised as development costs.

*Directors' Remuneration*

M Pickett and R Last 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 2020 and comparable amounts for the preceding year are as follows: M Pickett £977,775 (2019: £874,014) R Last £104,500 (2019: £269,559).



**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****8. FINANCE INCOME & COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance Income</b>		
Bank Interest received	1	12
Interest receivable on leased assets	6	9
Fair value movement on forward exchange contracts	41	-
	<u>48</u>	<u>21</u>
<b>Finance Costs</b>		
Net interest on retirement benefit obligations	10	27
Unwinding of discounts	-	17
Other interest payable	31	4
Interest expense on lease liabilities	74	76
	<u>115</u>	<u>124</u>

**9. TAX ON PROFIT/(LOSS)**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK Corporation tax	195	-
Overseas tax	291	315
Adjustments in respect of prior periods	(90)	21
Current tax charge	<u>396</u>	<u>336</u>
<b>Deferred tax</b>		
Current year	976	(853)
Adjustments in respect of prior periods	92	(2)
Effect of rate change on opening balances	<u>(368)</u>	<u>90</u>
Deferred tax charge/(credit)	700	(765)
<b>Tax charge/(credit) on profit/(loss)</b>	<u>1,096</u>	<u>(429)</u>

The average standard rate of tax for the year was 19% (2019: 19%).

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****9. TAX ON PROFIT/(LOSS) (CONTINUED)**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Profit/(loss) before taxation and dividends	<u>11,902</u>	<u>(2,649)</u>
Profit/(loss) before taxation and dividends multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	2,261	(503)
Effects of:		
Expenses not deductible for tax purposes	98	23
Income not deductible for tax purposes	(836)	-
Adjustments in respect of prior periods	2	19
Transfer pricing adjustments	(147)	(188)
Effect of rate changes	(368)	90
R&D tax credits	(2)	(2)
Overseas tax rates and foreign exchange	77	116
Other timing differences	<u>11</u>	<u>16</u>
<b>Total tax charge/(credit)</b>	<u><u>1,096</u></u>	<u><u>(429)</u></u>

In addition to the amount charged to the income statement a current tax credit of £nil (2019: £ nil) and a deferred tax credit of £358,000 (2019: £123,000) has been recognised directly in equity during the year in relation to share schemes. A deferred tax credit of £89,000 (2019: charge of £83,000) 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 UK statutory rate of corporation tax for the year of 19% (2019: 19%). Tax for other jurisdictions is calculated at the prevailing rates prevailing in the respective jurisdictions.

The main rate of UK corporation tax reduced from 20% to 19% from 1 April 2017. A further reduction in the UK corporation tax rate of 17%, effective from 1 April 2020, was substantively enacted in a prior period so its effect was reflected in the Company's balance sheet as at 31 December 2019. Deferred tax on temporary differences and tax losses at the balance sheet date are calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse. A change in the corporation tax rate, so that it remains at 19% rather than reducing it to 17% from 1 April 2020, was announced in the 2020 budget and substantively enacted prior to 31 December 2020. Therefore it is recognised in the current period.

## TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020

## 10. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Acquired Intellectual Property	Development costs	Software licences	Business systems	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 January 2019	59,747	1,873	21,329	1,461	1,993	86,403
Additions	-	-	-	5	156	161
Disposals	-	-	-	-	(1,478)	(1,478)
Transfers	-	(1,873)	-	-	-	(1,873)
At 31 December 2019 and 1 January 2020	59,747	-	21,329	1,466	671	83,213
Additions	-	-	-	-	227	227
Adjustments	-	-	-	(2)	(3)	(5)
<b>At 31 December 2020</b>	59,747	-	21,329	1,464	895	83,435
<b>Accumulated Amortisation and impairment</b>						
At 1 January 2019	56,866	561	19,650	1,400	1,101	79,578
Charge for the year	-	156	672	61	209	1,098
Disposals	-	-	-	-	(834)	(834)
Transfers	-	(717)	-	-	-	(717)
At 31 December 2019 and 1 January 2020	56,866	-	20,322	1,461	476	79,125
Charge for year	-	-	532	1	20	553
Adjustments	1	-	(2)	-	-	(1)
<b>At 31 December 2020</b>	56,867	-	20,852	1,462	496	79,677
<b>Net book value At 31 December 2020</b>	2,880	-	477	2	399	3,758
At 31 December 2019	2,881	-	1,007	5	195	4,088

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****10. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

Software and customer contracts and relationships have arisen from acquisitions and are amortised over their estimated useful lives, which are 3 to 8 years and 3 to 12 years respectively. The amortisation period for development costs incurred on the Company's product development is 5 to 15 years, based on the expected life-cycle of the product. Amortisation and impairment of development costs, amortisation for software, customer contracts and relationships, business systems and software licenses are all included within administrative expenses.

**Business Systems**

Included within Business Systems are finance systems with a carrying value of £399,000 (2019: £195,000). During 2019 management took the decision to write off the AX finance system (£646,000) following a successful implementation of the new D365 system which has now been capitalised. This system is being amortised over a period of ten years and has eight years left. Phase II of the D365 implementation is now underway. During 2020 £227,000 has been capitalised. This implementation is expected to be completed late 2021 and amortisation will commence then.

**Goodwill**

The Company is organised into 2 business segments - Student Information Systems, Education Services. A description of these CGUs is included in note 4. The Company tests goodwill annually for impairment, or more frequently if there are indication that goodwill might be impaired.

The recoverable amounts of the CGU groups are determined from value in use calculations. The consolidated financial statements 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 financial statements.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold Improvements £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2019	1,784	77	4,251	122	6,234
Additions	-	2	342	-	344
Disposals	-	-	-	-	-
At 31 December 2019 and 1 January 2020	1,784	79	4,593	122	6,578
Additions	-	10	196	-	206
Adjustments	(1)	-	4	-	3
<b>At 31 December 2020</b>	<b>1,783</b>	<b>89</b>	<b>4,793</b>	<b>122</b>	<b>6,787</b>
<b>Accumulated Depreciation</b>					
At 1 January 2019	1,562	54	3,643	119	5,378
Charge for the year	97	10	334	3	444
Disposals	-	-	-	-	-
At 31 December 2019 and 1 January 2020	1,659	64	3,977	122	5,822
Charge for year	55	7	365	-	427
<b>At 31 December 2020</b>	<b>1,714</b>	<b>71</b>	<b>4,342</b>	<b>122</b>	<b>6,249</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>69</b>	<b>18</b>	<b>451</b>	<b>-</b>	<b>538</b>
At 31 December 2019	125	15	616	-	756

The fair value of the Company's property, plant and equipment is not materially different to its carrying amount.

There are £5,460,000 (2019: £5,029,000) worth of assets that are fully amortised within property, plant and equipment.

## TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020

## 12. INVESTMENTS

	Shares in subsidiary undertakings £'000	Long term loans £'000	Total £'000
<b>Cost</b>			
At 1 January 2020	21,729	14,122	35,851
Additions	-	-	-
At 31 December 2020	21,729	14,122	35,851
<b>Impairment</b>			
At 1 January 2020 and 31 December 2020	15,112	-	15,112
<b>Net book value</b>			
At 31 December 2020	6,617	14,122	20,739
At 31 December 2019	6,617	14,122	20,739

Details of the Company's subsidiaries are as below. Those with\* are held indirectly.

Name	Registered office	Nature of Business	Proportion of shares held
Class Measures Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Dormant	100%
Class Measures INC*	100 Tower Park Drive, Suite A, Woburn MA 01801, USA	Education related	100%
International Graduate Insight Group Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Educational consultancy	100%
I-Graduate USA LLC*	1007 N Orange Street, 9 <sup>th</sup> Floor, Wilmington, Delaware, 19801, USA	Educational consultancy	100%
Tribal Systems Canada Limited	1100 One Bentall Centre, 505 Burrard Street, Box 11, Vancouver, BC V7X 1M5, Canada	Education related	100%
Tribal Group PTY Limited	West 7 - 8 Federal Mills Park, 3-35 Mackey Street, Geelong, North Victoria 3215. Australia	Education related	100%
Human Edge Software Corporation PTY Ltd*	West 7 - 8 Federal Mills Park, 3-35 Mackey Street, Geelong, North Victoria 3215. Australia	Education related	100%
Tribal Campus PTY Limited*	West 7 - 8 Federal Mills Park, 3-35 Mackey Street, Geelong, North Victoria 3215. Australia	Education related	100%
Callista Software Services PTY Limited*	West 7 - 8 Federal Mills Park, 3-35 Mackey Street, Geelong, North Victoria 3215. Australia	Education related	100%
Human Edge Software Philippines*	Units 1001,1005,1006, 10 <sup>th</sup> floor Cyberpod One, Eton Centris, Barangay Pinahan, Quezon City, Philippines 1100	Education related	100%
Tribal Group (Malaysia) SDN	12th floor, Menara Symphony, No 5, Jalan Professor Kho Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Education related	100%
Tribal Group Asset Company Limited	West 7 - 8 Federal Mills Park, 3-35 Mackey Street, Geelong, North Victoria 3215. Australia	Dormant Company	100%

The proportion of voting rights held is equivalent to the equity shareholdings. Tribal Education Limited also operates branches in New Zealand, South Africa, Hungary and Abu Dhabi. The branch in South Africa is in the process of being de-registered. The Company also has an indirect branch in Singapore.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****13. TRADE AND OTHER RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	5,336	4,704
Amounts receivable from group undertakings	57,034	51,072
Other debtors	359	180
Prepayments	2,416	2,446
Contract assets	2,860	2,940
	<u>68,005</u>	<u>61,342</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**14. DEFERRED TAX ASSET**

	<b>Accelerated capital allowances</b>	<b>Share Based payments</b>	<b>Tax losses</b>	<b>Other short-term timing differences</b>	<b>Retirement Benefit obligations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2019	1,262	330	1,000	29	170	2,791
Adjustments to opening balances re IFRS 16	-	-	-	6	-	6
Credit to profit and loss	78	117	560	5	5	765
Charge to other comprehensive income	-	-	-	-	(83)	(83)
Credit to equity for share based payments	-	123	-	-	-	123
At 31 December 2019 and 1 January 2020	<u>1,340</u>	<u>570</u>	<u>1,560</u>	<u>40</u>	<u>92</u>	<u>3,602</u>
(Charge)/credit to profit and loss	(385)	180	(550)	54	1	(700)
Credit to other comprehensive income	-	-	-	-	89	89
Credit to equity for share based payments	-	358	-	-	-	358
At 31 December 2020	<u>955</u>	<u>1,108</u>	<u>1,010</u>	<u>94</u>	<u>182</u>	<u>3,349</u>

The Directors are of the opinion based on currently available forecasts, that these timing differences will reverse in the near future and when they do there will be sufficient taxable profits to recognise the impact of this in the income statement. Accordingly, the Directors believe that it is more likely than not that the deferred tax assets will be recoverable.

The impact of changes in tax rates on deferred tax balances of £368,000 (2019: £90,000) has been credited (2019: debited) to the income statement and is included within the total charge (2019: credit) to the income statement of £700,000 (2019: £765,000).

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****15. TRADE AND OTHER PAYABLES**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current</b>		
Trade creditors	759	710
Amounts owed to group undertakings	27,613	30,022
Other taxation and social security	2,167	2,477
Current tax liability	335	533
Other creditors	769	849
Accruals	3,862	11,109
Contract liabilities	17,988	17,662
	<u>53,493</u>	<u>63,362</u>
<b>Non-current</b>		
Contract liabilities	208	78
	<u>208</u>	<u>78</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**16. AMOUNTS OWED TO GROUP UNDERTAKINGS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to Group undertakings	<u>41,846</u>	<u>41,817</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**17. PROVISIONS FOR LIABILITIES**

	<b>Property related £'000</b>	<b>Total £'000</b>
At 1 January 2020	590	590
Net increase in provision	13	13
Utilisation of provision	(23)	(23)
At 31 December 2020	<u>580</u>	<u>580</u>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year	57	91
Amounts falling due after more than one year	523	499
	<u>580</u>	<u>590</u>



**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020****17. PROVISIONS FOR LIABILITIES (CONTINUED)**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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.

Property related provision relates to the dilapidation costs arising from exiting leasehold properties where the costs are not all expected to be incurred during the next year.

**18. SHARE BASED PAYMENTS**

Certain employees of the Company participate in equity settled share-based payment remuneration schemes which are operated by the Company's ultimate parent Company Tribal Group plc.

**LTIPs awarded in 2016**

Awards in 2016, to eligible employees, vest according to a target share price. The amount of awards that will vest will range between 0% and 100% of those granted based on a target share price between 60p and 80p. These awards have now vested. During the year 150,000 options were exercised by employees of Tribal Education Limited. The weighted average remaining contractual life is 5 years.

**CSOPs awarded in 2017**

Awards in 2017 under the new CSOP scheme (as part of the 2010 LTIP Plan) can only be exercised after a three-year period if the share price is above 80p. These awards met the three-year vesting condition on 2 July 2020. During the year no options were exercised. The weighted average remaining contractual life is 6.5 years.

**CSOPs awarded in 2018**

Eligible employees received awards under the CSOP scheme on 26 March 2018. These can only be exercised after a three-year period if the share price is above 79.6p. These options may not be exercised until 25 March 2021. The weighted average remaining contractual life is 7.5 years.

**CSOPs awarded in 2019**

Eligible employees received awards under the CSOP scheme on 7 June 2019 and on 16 September 2019. These can only be exercised after a three-year period if the share price is above 71p and 61.5p respectively. The weighted average remaining contractual life is 8.5 years.

**2019 SAYE**

The Scheme is open to all UK employees, giving them the opportunity to participate in the future growth of the Company via share option agreements. Eligible employees were invited to subscribe for options over the 5p ordinary share of Tribal Group plc, with a exercise price of 58.2p, a 10% discount to the closing average market price of the ordinary shares from 3 September 2019 to 5 September 2019. The options are exercisable between 1 November 2022 and 30 April 2023.

No options were exercised in 2020 or 2019 by employees of Tribal Education Limited.

**LTIPs awarded in 2020**

Eligible employees received awards under the LTIP Scheme. These will vest equally over the next 3 years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2020, 2021 and 2022. The weighted average remaining contractual life is 9.5 years.

In addition a separate set of options was granted to a larger group of eligible employees. These awards were granted subject to time limit conditions only. 50% of the options can be exercised from 1 July 2021 and 50% from 1 July 2022. The weighted average remaining contractual life is 1.5 years.

## TRIBAL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2020

## 19. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, called up and fully paid 1,000 (2019: 1,000) ordinary shares of £1 each	1	1

## 20. RESERVES

	Share Premium account £'000	Share option reserve £'000	Accumulated losses £'000
At 1 January 2020	6,699	1,927	(17,864)
Profit for the financial year	-	-	6,408
Dividends received	-	-	4,398
Share-based payment credit	-	918	-
Currency translation difference on foreign currency net investments	-	-	66
Other recognised losses (net)	-	-	(349)
Net tax on charge to equity for share-based payment	-	-	358
At 31 December 2020	6,699	2,845	(6,983)

## 21. 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 £863,000 (2019: £894,000). Contributions of £224,000 (2019: £205,000) were outstanding at the year-end.

## Defined Benefit Schemes

During the year, the company continued to operate the Prudential Platinum Pension Fund ("PPP") and the Federated Pension Plan ("FPP"); both are defined benefit arrangements for the benefit of certain deferred employees. These schemes are administered by separate funds that are legally separated from the Company. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders on the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

Scheme 1 - Prudential Platinum Pension Fund

The PPP Scheme was created on 1 August 2009. This had 5 deferred members at the year end. The weighted average duration of the Defined Benefit Obligation is 32 years (2019: 33 years). Employer contributions amounting to £53,000 were paid in the year ended 31 December 2020 (2019: £43,000). The accounting figures have been calculated using the full valuation as of 31 December 2018, updated on an approximate basis to 31 December 2020 by a qualified independent actuary.

# TRIBAL EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

### 21. RETIREMENT BENEFIT SCHEMES (CONTINUED)

#### Scheme 2 – Federated Pension Plan

Tribal Education Limited, participates in the Federated Pension Plan (“FPP”), which is a defined benefit arrangement. The Ofsted employees were transferred back to Ofsted in March 2017 and the plan closed to future accrual. All of the active members at 31 March 2017 were transferred to the deferred section of the plan. In September 2018 there was a bulk transfer of 45 deferred members into a government scheme and a settlement gain of £380,000 crystallised. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2018.

The Tribal Education section of the Federated Pension Plan had 84 deferred members and 77 pensioners/dependents at the year-end. The weighted average duration of the Defined Benefit Obligation is 23 years (2019: 23 years). Employer contributions amounting to £nil were paid in the year ended 31 December 2020 (2019: nil). The accounting figures have been calculated using the valuation as at 5 April 2018, updated on an approximate basis to 31 December 2020 by a qualified independent actuary.

The schemes are exposed to a number of risks, including:

Investment risk: movement of discount rate used against the return from plans; Interest rate risk: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation; and Longevity risk: changes in the estimation of the mortality rates of current and former employees.

The assets of the funds have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under IAS 19 for both schemes are:

	2020	2019
	% per annum	% per annum
Inflation	2.1-3.3	2.5 – 3.5
Salary increases	Nil	Nil
Rate of discount	1.4	1.9
Pension in payment increases	2.1-3.3	2.5 – 3.3

The salary increase assumption is nil as both the FPP and PPP only have deferred members.

The mortality assumptions adopted at 31 December 2020 imply the following life expectations:

	Males	Females
Aged 60 in 2020	86.7	88.8
Aged 60 in 2040	88.3	90.4

The mortality assumptions adopted at 31 December 2019 imply the following life expectations:

	Males	Females
Aged 60 in 2019	86.7	88.7
Aged 60 in 2039	88.2	90.3

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

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

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on scheme liabilities</b>
Discount rate	Increase by 0.5%	Decrease by 13%
Rate of inflation	Increase by 0.5 %	Increase by 12%
Rate of mortality	Increase by one year	Increase by 2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Equities	5,240	4,930
Corporate bonds	2,790	2,605
Gilts	158	135
Cash	79	75
<b>Total fair value of the scheme assets</b>	<b>8,267</b>	<b>7,745</b>

All equities and corporate bonds are quoted on active markets.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Total fair value of assets	8,267	7,745
Present value of scheme liabilities	(9,225)	(8,285)
<b>Net pension liability</b>	<b>(958)</b>	<b>(540)</b>

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

Reconciliation of opening and closing balances of the fair value of scheme assets:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at the beginning of the year	7,745	6,845
Expected return on assets	146	184
Actuarial gains due to the investment returns different from the return implied by the discount rate	493	812
Contributions by employer	53	43
Benefits paid	(147)	(95)
Administration expenses	(23)	(44)
<b>Fair value of scheme assets at the end of the year</b>	<b>8,267</b>	<b>7,745</b>

Reconciliation of opening and closing balances of the present value of scheme liabilities:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities at the beginning of the year	8,285	7,847
Interest cost	156	211
Actuarial (gain)/loss - experience	(6)	(780)
Actuarial loss/(gain) – demographic assumptions	29	17
Actuarial loss/(gain) – financial assumptions	908	1,085
Benefits paid	(147)	(95)
<b>Present value of scheme liabilities at the end of the year</b>	<b>9,225</b>	<b>8,285</b>

The Company's contributions rate for 2020 was 0% (2019: 0%) for the Prudential Platinum Fund and 0% (2019: 0%) for the Federated Pension Plan.

The Company expects to make contributions of £21,000 to the defined benefit schemes during the next financial year.

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****21. RETIREMENT BENEFIT SCHEMES (CONTINUED)****Analysis of amounts charged to the income statement:**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Administration expenses	23	44
Recognised in arriving at operating profit/(loss)	23	44
Other finance charges:		
Interest on pension scheme liabilities	156	211
Expected return on pension scheme assets	(146)	(184)
Net finance charge	10	27
<b>Total charge to income statement</b>	<b>33</b>	<b>71</b>

**Analysis of actuarial gain in the statement of comprehensive income**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Actual return less expected return on pension scheme assets	493	812
Experience gains arising on the scheme liabilities	6	780
Changes in assumptions underlying the present value of scheme liabilities	(937)	(1,102)
<b>Actuarial (loss)/gain for the year recognised in the statement of comprehensive income</b>	<b>(438)</b>	<b>490</b>

Cumulative actuarial losses recognised in the statement of comprehensive income since 1 April 2004 are £893,000 (2019: Losses of £455,000).

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

History of experience gains and losses is as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of defined obligations	(9,225)	(8,285)	(7,847)	(12,730)	(11,917)
Fair value of scheme assets	8,267	7,745	6,845	11,013	10,192
Deficit in the scheme	(958)	(540)	(1,002)	(1,717)	(1,725)
Experience adjustments arising on scheme assets					
Amount	493	812	(593)	485	863
Percentage of the scheme assets	6%	10%	(9%)	4%	8%
Experience adjustments arising on scheme liabilities					
Amount	6	780	98	118	789
Percentage of the scheme liabilities	-	9%	1%	1%	7%

**22. NOTES TO THE CASH FLOW STATEMENT**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit/(loss)	7,571	(2,546)
Depreciation of property, plant and equipment	427	444
Amortisation and impairment of other intangible assets	553	1,744
Depreciation of right-of-use assets	616	527
Share based payments	918	638
Other non-cash items	173	(476)
Operating cash flows before movements in working capital	10,258	331
Decrease/(increase) in receivables	7,314	(14,146)
(Decrease)/increase in payables	(23,510)	8,260
Net cash used in operating activities before tax	(5,938)	(5,555)
Tax (paid)/received	(615)	33
Net cash used in operating activities	(6,553)	(5,522)

**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****23. LEASES****As a lessee**

The Company has lease contracts for office properties used in its operations. Leases of leasehold properties generally have lease terms between 5 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased properties. Some lease contracts include extension and termination options which are further discussed below.

The Company also has certain leases with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Lease payments for some property leases are subject to annual fixed increase. The total lease payments subject to annual fixed increases is £nil (2019: £69,000) compared to total lease payments of £658,000 (2019: £506,000).

**Right-of-use assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 January	2,435	2,266
Additions	206	700
Depreciation charge for year	(616)	(527)
Disposals during the year	(14)	-
Foreign currency revaluation	2	(4)
Balance at 31 December	<u>2,013</u>	<u>2,435</u>

**Lease liabilities****Maturity analysis**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Less than one year	661	607
One to five years	1,508	1,845
More than five years	279	525
Total undiscounted liabilities at 31 December	<u>2,448</u>	<u>2,977</u>
Current	617	496
Non-current	<u>1,729</u>	<u>2,259</u>
Balance at 31 December	<u>2,346</u>	<u>2,755</u>

The following are the amounts recognised in profit or loss:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation expense of right-of-use assets	616	527
Interest expense on lease liabilities	74	76
Interest received on leased assets	(6)	(9)
Expense relating to short-term leases	43	66
Expense relating to leases of low-value assets	18	30
Total amount recognised in profit/(loss)	<u>745</u>	<u>690</u>

The Group had total cash outflows for leases of £658,000 (2019: £506,000).



**TRIBAL EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2020****23. LEASES (CONTINUED)****As a lessor**

The Company has sub-leased an office building and has classified the sub-lease as a finance lease, as the sub-lease is for majority of the remaining term of the head lease. Finance income on the net investment in the lease amounted to £52,000 (2019: £52,000).

**Maturity analysis**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Less than one year	52	52
One to five years	182	234
Total undiscounted lease payments at 31 December	<u>234</u>	<u>286</u>
Current	46	46
Non-current	<u>174</u>	<u>220</u>
Net investment in lease at 31 December	<u>220</u>	<u>266</u>

**24. CONTINGENT LIABILITIES**

A cross-guarantee exists between Group companies in respect of bank facilities which was £nil as at 31 December 2020.

**25. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company is a wholly-owned subsidiary of Tribal Group plc.

The company's immediate and 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, or from their website [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk).

**26. EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events to report since the date of the balance sheet.