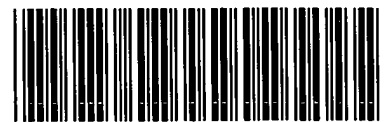

Company Registration Number 04163300

TRIBAL EDUCATION LIMITED

Annual Report and Financial Statements

31 December 2022

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TRIBAL EDUCATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Pickett
D McIntyre

REGISTERED OFFICE

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BANKERS

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PO Box 112
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BS99 7LB

HSBC Bank
3 Temple Quay
Bristol
BS1 6DZ

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5 New Street Square
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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 its resources and expertise to create value that is shared with 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.

Market overview

Student Information Systems

Student Information Systems, the core segment which targets the further and higher education sectors through the range of software offerings, delivered a strong performance in the year, growing customer numbers and revenue and as a result entered the new financial year with a solid pipeline of opportunities. Tribal continued to win new customers and transition existing customers onto cloud offerings.

Wins in previous years and those in 2022, mean that Tribal has several significant SIS implementations underway, the vast majority of which are progressing well. In the year, there were five key wins with existing customers, University of Sunderland, Birmingham City University, University for the Creative Arts, University of Reading and University of East Anglia, to migrate their current Tribal Student Management Systems SITS:Vision to the Tribal:Cloud, providing an improved student experience and delivering operational efficiencies for the universities. The contracts range from three to five years, with a combined total contract value of £5m, generating incremental annual recurring revenues of £1.7m as well as providing an adoption pathway to the SaaS products, the Company's cloud-native offerings.

In addition, there were several significant contracts signed with new customers including a seven-year contract with the University of Plymouth and a new five-year SITS:Vision contract with the British University of Vietnam. Together, these contracts have a total value of £8.3m, adding £1.1m in incremental Annual Recurring Revenue. Tribal continues to have positive conversations across the extensive customer base as they explore the benefits a move to the cloud can bring their organisation and are confident of continued uptake.

Education Services

Tribal Education Services (ES) has been curating and delivering Quality Assurance services to ministries of education and other education agencies around the world for many years, across a wide scope of areas throughout the education sector. These services include overall school quality, leadership and teaching quality, as well as many specialist areas such as new teacher competence, Early Years, literacy and numeracy.

The appointment of Matt Davis as Managing Director of ES from April 2022, has seen the revision and implementation of a new three-year strategy for the business, targeting sustainable growth between FY23 - FY25. The strategy will initially focus on creating a clearer identity for Education Services within the Tribal group, and in particular articulating the value it creates for our customers: supporting governments and education institutions to deliver on their strategic ambitions to improve the quality and impact of education.

Education Services has continued to perform well throughout the year, delivering strong results. As educational institutions and organisations around the world saw a return to the classroom following the pandemic, demand for the Quality Assurance services ES provides has steadily increased. Over the course of the year ES has delivered major Quality Assurance contracts to bodies in the UK and the Middle East, and has been working with hundreds of individual schools on our Quality Mark accreditation. At present, Tribal is running highly successful projects across its key geographies.

TRIBAL EDUCATION LIMITED
STRATEGIC REPORT (continued)**REVIEW OF THE BUSINESS (continued)****Market overview (continued)*****Education Services (continued)***

As previously reported, in the UK this year, we successfully tendered for renewals as prime contractor of two major contracts with the Department for Education (DfE) in England: NCETM (£8.7m over two years) and Quality Assurance of the National Professional Qualifications programme 'NPQ', total contract value of £6.5m over four years. In July 2022 we successfully renewed a third major UK contract, the Advanced Maths Support Programme 'AMSP' with a total contract value of £2.6m, and also won a two-year contract with the National Tutoring Programme 'NTP', with a total contract value of £2.4m, securing our position with our key customers in the UK services market.

During the second half, we successfully mobilised the National Tutoring Programme (NTP), meeting all contractual requirements and establishing important processes required to evaluate the quality of Tuition Partners in the UK. We have continued to win new contracts throughout the year with highlights including a contract to deliver inspections on behalf of the Sharjah Private Education Authority (SEPA) in the UAE and an extension to our work with the Gulf Sector Skills body. Trading in the Surveys and Benchmarking business was positive, with this sector now seeing a strong recovery since the pandemic, setting us up for a positive 2023.

There is continuing opportunity in the Middle East, where the macro-economic environment is more positive and our core capabilities in understanding school quality, supporting improvement and helping teachers to improve; supporting the school to work transition, remain the key strategic interests of almost all education policy makers at any level. Building on momentum from the previous year and with a clear strategy now in place, the outlook for the division remains positive.

Strategy

Tribal Education Limited's Strategy supports and is consistent with the Group's Strategy; the objective being to provide education technology solutions to customers globally. Transitioning to the delivery of a broader set of solutions, via the 'as a service' model will increase the addressable market across a greater number of geographies, drive revenue and margin expansion, while enabling universities to focus on the delivery of exceptional education to their students.

Further information can be found in the Tribal Group plc (The "Group") Annual Report available at www.tribalgroup.com.

Review of operations

In 2022, the Company reported a profit after tax of £3.6m (2021: £14.1m). Profit before taxation was £4.7m (2021: £14.8m). This is a decrease of £10.1m, however 2021 included a dividend received from a subsidiary of £8.6m and in 2022, a dividend of £4.5m was paid up to the PLC Company. Excluding these transactions profit increased by £3.0m. (2022: £9.2m: 2021 £6.2m). The Company is continuing to build on the success in 2020 and 2021 by maintaining 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 increased to £63.4m (2021: £55.6m) primarily due to Cloud and Edge revenue streams driven by new customer wins, and ES revenue from new contract wins in the Middle East. The Company's operating margin for the year has decreased to 7.4% (2021: 26.3%), primarily due to a decline in Professional Services margin.

The Company is in a strong net asset position of £16.4m at 31 December 2022 (2021: £17.1m). The change in position is being driven by the profit for the year (£3.6m) including dividends paid of (£4.5m). Net current assets are £32.0m (2021: £23.7m). Considerations arising in respect of the adoption of the going concern assumption are set out on page 6.

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:

- **Strategic transformation:** Failure to successfully implement and manage growth strategies. Failure can lead to impairment of assets acquired, reputational damage and impact overall financial performance of the Group. Group has an experienced management team and performance against strategy is closely monitored, with oversight by the Board. Structured working committees and oversight boards are in place to focus on integrating new businesses into the group, manage our internal transformation programme (Veritas) and ensure delivery against our objectives and financial metrics.
- **Project & service delivery:** Failure to meet project milestones and other contractual requirements, and customers subject to own internal pressures. A failure to deliver can lead to increased implementation costs, disputed invoices, penalty payments, reputational damage and an impact on other ongoing projects. This is mitigated by the Company implementing strong controls to ensure successful project delivery, and project progress is reviewed on a monthly basis at Executive Management level with Board oversight. The Group maintains a formal Delegation of Authority matrix to ensure appropriate visibility and approval of all customer contracts to ensure liabilities are reasonable and onerous contract clauses are avoided.
- **Innovation and technology:** The Group's software development programme needs to deliver to customers' requirements and keep pace with market developments. A failure to deliver will result in lower sales, higher churn, reputational damage and obsolete products. It is mitigated by the Group investing in the Edge product. The Edge product development roadmap is focused on ensuring the Company can fulfil all customer demands. The Group continues to invest in its internal engineering and product-development capability to enable delivery to meet customer needs.
- **Information management and data security:** Security breaches, cyber-attacks or outages could harm the Group by disrupting internal and customers' operations. There is increased risk from multiple regulatory data protection and information security requirements which need to be closely monitored. A failure to follow requirements could lead to financial penalties, reputational damage and their consequent impact on overall performance. This is mitigated by the Group operating a Secure Data Centre, continuing 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:** Failure to attract and retain skilled sales, software development and other key operational employees could harm the Group's performance. The Company has incentive schemes designed to attract, motivate and retain key employees, whilst encouraging appropriate behaviours. We aim to provide competitive remuneration packages and training for all staff. No sole staff member is considered to be a single point of failure. The Company's commitment to improving the diversity within the workforce will assist overall performance and help to widen our pool of potential candidates.
- **Legal & regulatory requirements:** The Company operates across several jurisdictions that have varying legal, tax and compliance requirements. Any non-compliance with customer contract requirements and legislation or regulatory requirements could have an adverse effect on the Company's reputation or financial results. The Company monitors proposed or adopted legal and regulatory changes, assessing the impact changes have on the business operations and implementing appropriate safeguards to ensure compliance. External advisors are used when required. The Company operate a no-tolerance culture supported by values and ethical standards. All relevant training is provided to staff and policies are updated regularly to reflect required changes.

TRIBAL EDUCATION LIMITED
STRATEGIC REPORT (continued)**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, including credit management, fluctuations in interest rates, exposure to foreign exchange movements and cyber security.

Operating cash flow risk

The Company benefits from significant annual 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 2022.

Interest Rate risk

At the end of 2022, 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.

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 branches 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 2022, the Company was also exposed to movements in the rates between Sterling and the US dollar, United Arab Emirates dirhams 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.

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 £3,095,000 (2021: £5,047,000), with £nil of development costs being capitalised as intangible fixed assets (2021: £113,000).

TRIBAL EDUCATION LIMITED**STRATEGIC REPORT (continued)****GOING CONCERN**

As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m) and borrowings of £6.3m (2021: £nil). The Group has a £2m committed overdraft facility in the UK which is committed on a 12-month rolling period ending August 2023. At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down). Tribal Group plc has undertaken to make adequate financial resources available to the Company to meet its current and future obligations as and when they fall due by entering a £17m loan facility to cover temporary working capital requirements of the Group and corporate merger and acquisition activity, if required, which expires in December 2024.

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2023 which provides a good level of protection and certainty to the business. While the Group's net current liability position has increased to £25.0m from £20.9m in 2021, the increase is driven by the increase in borrowings of £6.3m and the recognition of an onerous contract provision of £4.5m. The remaining net current liabilities is primarily made up of net contract liabilities of £19.5m (2021: £17.4m) relating to deferred customer revenue recognised in accordance with IFRS 15. The Company itself is in a net asset position of £16.4m at 31 December 2022 (2021: £17.1m).

The Group had a positive end to the year for sales, closing several significant sales to new and existing customers, and expanding its global footprint. The financial impact of the pandemic 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, in addition, the Board has engaged advisors and is considering its strategic options and opportunities for the Education Services business.

In assessing the Group's going concern position the Directors have considered all relevant facts, latest forecasts, an assessment of the risks faced by the Group, and considered potential changes in trading performance with particular focus on the challenges faced with the implementation of the NTU contract. 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 highly unlikely, and therefore does not have a significant impact on the Group's ability to continue as a going concern. Accordingly, the Directors have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

FUTURE PROSPECTS

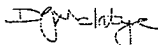
The education market globally is becoming more attuned to the benefits of SaaS and cloud offerings and presents a supportive market backdrop for Tribal following its strategic investment into and development of cutting-edge technologies. The Company remains focused on its key strategic priorities during 2023 and remains confident in its ambition and ability to meet global demand and deliver on the growth strategy.

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

D McIntyre
Director

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18 May 2023

TRIBAL EDUCATION LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

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 £3.6m (2021: £14.1m), this included dividends received in the year of £nil (2021: £8.6m). Dividends paid in the year were £4.5m (2021: £nil). The directors have proposed that no final dividend should be declared in respect of 2022.

The Company is in a net asset position of £16.4m at 31 December 2022 (2021: £17.1m). 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 2022 are provided in the Strategic Report on pages 2 to 6.

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 Diane McIntyre.

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 12, 27, 32, 34, 37 and 55 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 (2021: £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, Abu Dhabi and Hungary.

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 page 5.

POST BALANCE SHEET EVENTS

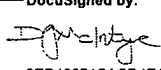
There have been no significant events to report since the date of the balance sheet.

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; and
- (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 18 May 2023.

DocuSigned by:

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D McIntyre
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 2022 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 2022 which comprise the Income Statement, Statement of Comprehensive Income, Balance sheet, Statement of Changes in Equity, Cash Flow Statement 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 FRS 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 Annual 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
(CONTINUED)****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 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 in respect of the financial statements, 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:

We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and determined that the most significant laws and regulations are the Companies Act 2006, applicable accounting framework and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that

TRIBAL EDUCATION LIMITED

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

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, 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 also reviewed the Company's tax computation and returns and financial statements against the requirements of the relevant tax legislation and applicable accounting framework respectively.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud included in management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation whilst also verifying the business rationale and assessed whether the judgements made in significant accounting estimates were indicative of potential bias.

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 incorporated unpredictability procedures as part of our response to the risk of management override of controls.

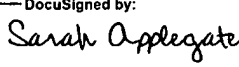
We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

DocuSigned by:

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Sarah Applegate (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol

19 May 2023

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

TRIBAL EDUCATION LIMITED**INCOME STATEMENT**
for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
REVENUE	4	63,437	55,561
Cost of sales		<u>(41,741)</u>	<u>(29,599)</u>
GROSS PROFIT		21,696	25,962
Other income	5	-	8,578
Administrative expenses		<u>(16,962)</u>	<u>(19,928)</u>
OPERATING PROFIT	5	4,734	14,612
Finance income	8	25	255
Finance costs	8	<u>(80)</u>	<u>(88)</u>
PROFIT BEFORE TAXATION		4,679	14,779
Tax charge on profit	9	<u>(1,118)</u>	<u>(723)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>3,561</u></u>	<u><u>14,056</u></u>

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		3,561	14,056
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	21	262	728
Deferred tax on measurement of defined benefit pension schemes	14	(66)	(131)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>13</u>	<u>(16)</u>
Total other comprehensive income for the year net of tax		<u>209</u>	<u>581</u>
Total comprehensive income for the year		<u><u>3,770</u></u>	<u><u>14,637</u></u>

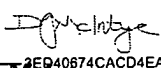
TRIBAL EDUCATION LIMITED**BALANCE SHEET**

As at 31 December 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Goodwill	10		2,880		2,880
Other Intangible assets	10		110		505
Property, plant and equipment	11		527		572
Right-of-use assets	23		593		1,537
Net investment in lease	23		70		-
Investments	12		20,739		20,739
Deferred tax asset	14		2,025		2,449
Retirement benefit assets	21		72		-
Contract assets			-		512
			<u>27,016</u>		<u>29,194</u>
CURRENT ASSETS					
Trade and other receivables	13	75,700		75,032	
Cash at bank and in hand		<u>1,419</u>		<u>2,077</u>	
		<u>77,119</u>		<u>77,109</u>	
CURRENT LIABILITIES					
Trade and other payables	15	(44,576)		(52,979)	
Lease liabilities	23	(408)		(472)	
Provisions for liabilities	17	<u>(125)</u>		<u>(7)</u>	
		<u>(45,109)</u>		<u>(53,458)</u>	
NET CURRENT ASSETS			<u>32,010</u>		<u>23,651</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			59,026		52,845
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Amounts owed to group undertakings	16	(41,876)		(33,249)	
Trade and other payables	15	(49)		(653)	
Lease liabilities	23	(258)		(1,138)	
Provisions for liabilities	17	(352)		(491)	
Retirement benefit obligation	21	<u>-</u>		<u>(215)</u>	
		<u>(42,535)</u>		<u>(35,746)</u>	
NET ASSETS			<u>16,491</u>		<u>17,099</u>
EQUITY					
Called up share capital	19		1		1
Share premium account	20		6,699		6,699
Share option reserve	20		3,792		3,469
Accumulated profits	20		5,999		6,930
TOTAL SHAREHOLDERS' SURPLUS			<u>16,491</u>		<u>17,099</u>

Notes 1 to 26 form part of these financial statements.

The financial statements on pages 13 to 47 of Tribal Education Limited, registered number 04163300, were approved and signed by the Board of Directors and authorised for issue on 18 May 2023.

DocuSigned by:

 2E940874CADC4EA...
D McIntyre
 Director

TRIBAL EDUCATION LIMITED**STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 December 2022

	Note	Called up Share Capital £'000	Share premium account £'000	Share option reserve £'000	Accumulated profits £'000	Total Shareholders' surplus £'000
Balance at 1 January 2021		1	6,699	2,845	(7,873)	1,672
Profit for the financial year		-	-	-	14,056	14,056
Other comprehensive income for the financial year net of tax		-	-	-	581	581
Total comprehensive profit for the year		-	-	-	14,637	14,637
Credit to equity for share based payments		-	-	624	-	624
Tax credit on credit to equity for share based payments	9	-	-	-	166	166
Balance at 31 December 2021		1	6,699	3,469	6,930	17,099
Profit for the financial year		-	-	-	3,561	3,561
Other comprehensive income for the financial year net of tax		-	-	-	209	209
Total comprehensive profit for the year		-	-	-	3,770	3,770
Credit to equity for share based payments		-	-	323	-	323
Dividends paid to parent company		-	-	-	(4,500)	(4,500)
Tax charge on charge to equity for share based payments	9	-	-	-	(201)	(201)
Balance at 31 December 2022		1	6,699	3,792	5,999	16,491

TRIBAL EDUCATION LIMITED**CASH FLOW STATEMENT**
for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash from/(used in) operations	22	4,749	(435)
Investing activities			
Net gain on forward contracts	8	23	249
Purchases of property, plant and equipment	11	(321)	(404)
Expenditure on intangible assets	10	(75)	(113)
Proceeds from sub-leases	23	29	52
Net cash used in investing activities		(344)	(216)
Financing activities			
Principal paid on lease liabilities	23	(508)	(597)
Interest paid on lease liabilities	23	(30)	(52)
Equity dividend paid		(4,500)	-
Interest paid	8	(35)	(15)
Net cash used in financing activities		(5,073)	(664)
Net decrease in cash and cash equivalents		(668)	(1,315)
Net cash and cash equivalents at beginning of year		2,077	3,395
Effect of foreign exchange rate changes		10	(3)
Net cash and cash equivalents at end of year		1,419	2,077

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2022**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 6.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements because it is included in the group 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 (CONTINUED)**
for the year ended 31 December 2022**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; and
 - (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 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.

As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m) and borrowings of £6.3m (2021: £nil). The Group has a £2m committed overdraft facility in the UK which is committed on a 12-month rolling period ending August 2023. At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down). Tribal Group plc has undertaken to make adequate financial resources available to the Company to meet its current and future obligations as and when they fall due by entering a £17m loan facility to cover temporary working capital requirements of the Group and corporate merger and acquisition activity, if required, which expires in December 2024.

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2023 which provides a good level of protection and certainty to the business. While the Group's net current liability position has increased to £25.0m from £20.9m in 2021, the increase is driven by the increase in borrowings of £6.3m and the recognition of an onerous contract provision of £4.5m.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**2. ACCOUNTING POLICIES (continued)****Going concern (continued)**

The remaining net current liabilities is primarily made up of net contract liabilities of £19.5m (2021: £17.4m) relating to deferred customer revenue recognised in accordance with IFRS 15. The Company itself is in a net asset position of £16.4m at 31 December 2022 (2021: £17.1m).

The Group had a positive end to the year for sales, closing several significant sales to new and existing customers, and expanding its global footprint. The financial impact of the pandemic 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, in addition, the Board has engaged advisors and is considering its strategic options and opportunities for the Education Services business.

In assessing the Group's going concern position the Directors have considered all relevant facts, latest forecasts, an assessment of the risks faced by the Group, and considered potential changes in trading performance with particular focus on the challenges faced with the implementation of the NTU contract. 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 highly unlikely, and therefore does not have a significant impact on the Group's ability to continue as a going concern. Accordingly, the Directors have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and 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 (CONTINUED)**
for the year ended 31 December 2022**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 excluding 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.

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 relevant 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 below.

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.

Variable consideration linked to contract performance and related sales revenue is calculated and recognised based on the probability weighted value of a range of possible outcomes. It is addressed at the beginning of a contract and reviewed annually for qualitative factors. Variable consideration is accounted for as an adjustment to contract revenue and accrued income.

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 within administrative expenses 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.

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

Balances arise on contract assets and liabilities 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.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)**Revenue recognition (continued)****Student Information Systems:*****Licence & Development Fees***

- Revenue on perpetual software licenses is recognised on the commencement of software implementation and related consultancy.
- Revenue on fixed price software licenses is 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(a) are met.
- Revenue from term software licenses is recognised on a pro-rata basis over the period of the license, This has the effect of spreading the recognition of License & Development Fees revenue over an extended period, rather than immediate, upfront recognition, to reflect the performance obligation of the license transferring over time in line with IFRS 15.B56.
- Customer paid enhancements (Development Fees) are recognised in line with Implementation Services as noted below.

Support & Maintenance

- Revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period, reflecting the Group's obligation to support the relevant software products and update their content over the contract period.

Implementation 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.
- If implementation services are inherently linked to the delivery of fixed price software, revenue is recognised 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.

Cloud Services

- Revenue from contracts for cloud services is recognised on a pro rata basis over the contract period, reflecting the Group's obligation to host the relevant software products over the contract period.

Other Services

- Revenue from other services that are provided 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; and where services include any element of Licence and Development Fees, Support and Maintenance or Cloud Services revenue recognition will be in line with the policy outline in the relevant section above.

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 Group 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 to be met upon the transfer of deliverables as defined in the contract.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**2. ACCOUNTING POLICIES (continued)****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.

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.

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.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**2. ACCOUNTING POLICIES (continued)****Foreign currencies**

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

The assets and liabilities of the Company's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. 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 3 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.

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 ten years.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**2. ACCOUNTING POLICIES (continued)****Property, plant and equipment**

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

Leasehold improvements	life of the lease
Fixtures and fittings, computer and office equipment	3 to 7 years

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.

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.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**2. ACCOUNTING POLICIES (continued)****Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have 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, 2020, 2021 and 2022 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.

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.

TRIBAL EDUCATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022
2. ACCOUNTING POLICIES (continued)
Company as a lessee (continued)
i) Right-of-use assets (continued)

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 (CONTINUED)**
for the year ended 31 December 2022**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 (CONTINUED)**
for the year ended 31 December 2022**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 (2021: £2,880,000). 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 (Business Systems)

The carrying value of business systems is £75,000 (2021: £194,000). Judgement is required to assess whether costs meet the criteria for capitalisation set out in IAS 38 (with the exception of cloud computing costs which are expensed as incurred), 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 (CONTINUED)**
for the year ended 31 December 2022**3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Revenue recognition (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 two 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, including software solutions, asset management and information managed services; and
- Education Services ('ES') represents inspection and review services which support the assessment of educational delivery and a portfolio of performance improvement tools and services, including analytics.

The Company has split revenue into various categories described above which is intended to enable users to understand the relationship with revenue segment information.

Revenue split by business segment	2022 £'000	2021 £'000
Student Information Systems	53,016	46,094
Education Services	10,421	9,467
	<u>63,437</u>	<u>55,561</u>
Revenue split by geography by origin	2022 £'000	2021 £'000
UK	47,814	45,087
Asia Pacific	11,502	7,301
North America and the rest of the world	4,121	3,173
	<u>63,437</u>	<u>55,561</u>

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**5. OPERATING PROFIT**

	2022	2021
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Staff costs (see note 7)	37,430	36,270
Depreciation of property, plant & equipment	363	370
Depreciation of right-of-use assets	484	506
Amortisation of development costs	161	280
Amortisation of business systems	20	24
Internal systems transformation programme "VERITAS"	1,321	1,715
Research and development expenditure	3,095	5,047
Other income - Dividends received	-	(8,578)
Net foreign exchange loss/(profit)	345	(278)

6. AUDITORS' REMUNERATION

Fees payable to the Company's auditors BDO LLP for the audit of the Company's annual financial statements were £123,000 (2021: £80,000).

7. STAFF COSTS

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

	2022	2021
	No.	No.
Finance and administration	63	59
Operations and sales	579	560
	<u>642</u>	<u>619</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	32,315	30,973
Social security costs	3,371	3,516
Other pension costs	942	970
Redundancy costs	414	204
Share-based payment charge	388	607
	<u>37,430</u>	<u>36,270</u>

The total staff costs above include £nil (2021: £nil) capitalised as development costs.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**7. STAFF COSTS (CONTINUED)***Directors' Remuneration*

M Pickett and D McIntyre 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 2022 and comparable amounts for the preceding year are as follows: M Pickett £1,073,953 (2021: £1,471,974) and D McIntyre £293,692 (2021: £250,948). Included within Directors' salaries are pension costs of £24,000 (2021: £26,000) in respect of accruals and payments made to the defined contribution pension scheme of one Director (2021: one).

8. FINANCE INCOME & COSTS

	2022	2021
	£'000	£'000
Finance Income		
Interest receivable on leased assets	2	6
Fair value movement on forward exchange contracts	23	249
	<u>25</u>	<u>255</u>
Finance Costs		
Net interest on retirement benefit obligations	4	14
Other interest payable	35	15
Interest expense on lease liabilities	41	59
	<u>80</u>	<u>88</u>

9. TAX ON PROFIT

	2022	2021
	£'000	£'000
Current tax		
UK Corporation tax	677	458
Overseas tax	332	340
Adjustments in respect of prior periods	(44)	(99)
Current tax charge	<u>965</u>	<u>699</u>
Deferred tax		
Current year	313	398
Adjustments in respect of prior periods	(160)	52
Effect of rate change on opening balances	<u>-</u>	<u>(426)</u>
Deferred tax charge	<u>153</u>	<u>24</u>
Tax charge on profit	<u>1,118</u>	<u>723</u>

The average standard rate of tax for the year was 19% (2021: 19%).

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**9. TAX ON PROFIT (CONTINUED)**

	2022 £'000	2021 £'000
Profit before taxation	<u>4,630</u>	<u>6,201</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	880	1,178
Effects of:		
Expenses not deductible for tax purposes	82	190
Income not deductible for tax purposes	(15)	(30)
Adjustments in respect of prior periods	(204)	(47)
Transfer pricing adjustments	158	(71)
Effect of rate changes	303	(426)
R&D tax credits	(2)	-
Overseas tax rates and foreign exchange	101	137
Share Schemes	211	(201)
Recognition of deferred tax	(177)	-
Amounts otherwise transferred	(219)	-
Other timing differences	<u>-</u>	<u>(7)</u>
Total tax charge	<u>1,118</u>	<u>723</u>

In addition to the amount charged to the income statement a current tax credit of £4,000 (2021: £22,000) and a deferred tax charge of £205,000 (2021: £440,000) has been recognised directly in equity during the year in relation to share schemes. A deferred tax charge of £66,000 (2021: £131,000) 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% (2021: 19%). Tax for other jurisdictions is calculated at the prevailing rates in the respective jurisdictions.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. As the rate of 25% has been substantively enacted at the balance sheet date, the deferred tax balances have been calculated at 25%.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**10. GOODWILL AND OTHER INTANGIBLE ASSETS**

	Goodwill	Development costs	Software licences	Business systems	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	59,747	21,329	1,464	895	83,435
Additions	-	113	-	-	113
Disposals	-	-	-	(181)	(181)
At 31 December 2021 and 1 January 2022	59,747	21,442	1,464	714	83,367
Additions	-	-	-	75	75
Disposals	-	(9,054)	(1,438)	(714)	(11,206)
At 31 December 2022	59,747	12,388	26	75	72,236
Accumulated Amortisation and impairment					
At 1 January 2021	56,867	20,852	1,462	496	79,677
Charge for the year	-	280	1	24	305
At 31 December 2021 and 1 January 2022	56,867	21,132	1,463	520	79,982
Charge for year	-	161	-	20	181
Disposals	-	(8,940)	(1,437)	(540)	(10,917)
At 31 December 2022	56,867	12,353	26	-	69,246
Net book value At 31 December 2022	2,880	35	-	75	2,990
At 31 December 2021	2,880	310	1	194	3,385

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**10. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)****Development costs**

The amortisation period for development costs incurred on the Company's product development is 3 to 15 years, based on the expected life-cycle of the product. A review of the Company's capitalisation was undertaken resulting in £0.1m of AI development costs previously capitalised being written off.

Business Systems

Included within Business Systems are finance systems with a carrying value of £75,000 (2021: £194,000). Phase I of the D365 implementation was fully written off in the year. The Veritas programme, which is part of a wider implementation of a new target operating model and processes to provide greater operating efficiencies and reporting functionalities across the Group, went live on 1 January 2023. £75,000 of costs have been capitalised and in line with IAS 38 £1,321,000 of costs have been expensed to the income statement (2021: £1,715,000). Business systems are amortised over 10 years.

Amortisation and impairment of development costs, amortisation for business systems and software licenses are all included within administrative expenses.

In addition a review of all business systems, development cost and software licences was undertaken in the year and £10.9m of fully depreciated assets have been written off as no longer in use.

Goodwill

The Company is organised into 2 business segments - Student Information Systems and 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 (CONTINUED)**
for the year ended 31 December 2022**11. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements	Fixtures and fittings	Computer equipment	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	1,783	89	4,793	122	6,787
Additions	-	-	404	-	404
Foreign exchange	-	-	(2)	-	(2)
At 31 December 2021 and 1 January 2022	1,783	89	5,195	122	7,189
Additions	10	-	311	-	321
Disposals	(345)	(38)	(4,105)	(43)	(4,531)
Foreign exchange	-	-	1	-	1
At 31 December 2022	1,448	51	1,402	79	2,980
Accumulated Depreciation					
At 1 January 2021	1,714	71	4,342	122	6,249
Charge for the year	28	8	334	-	370
Foreign exchange	-	-	(2)	-	(2)
At 31 December 2021 and 1 January 2022	1,742	79	4,674	122	6,617
Charge for year	28	5	330	-	363
Disposals	(345)	(37)	(4,103)	(43)	(4,528)
Foreign Exchange	-	-	1	-	1
At 31 December 2022	1,425	47	902	79	2,453
Net book value					
At 31 December 2022	23	4	500	-	527
At 31 December 2021	41	10	521	-	572

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

There are £1,921,000 (2021: £6,052,000) worth of assets that are fully amortised within property, plant and equipment.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**12. INVESTMENTS**

	Shares in subsidiary undertakings	Long term loans	Total
Cost and Net book value			
At 31 December 2022	6,617	14,122	20,739
At 31 December 2021	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%
Tribal Systems Canada Limited	1750-1755 West Georgia Street, PO Box 11125, Vancouver, BC V6E 3PE, Canada	Education related	100%
Tribal Group PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Riad, North Geelong, Victoria 3215. Australia	Education related	100%
Human Edge Software Corporation PTY Ltd*	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Riad, North Geelong, Victoria 3215. Australia	Education related	100%
Tribal Campus PTY Limited*	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Riad, North Geelong, Victoria 3215. Australia	Education related	100%
Callista Software Services PTY Limited*	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Riad, North Geelong, Victoria 3215. Australia	Education related	100%
Tribal Software Philippines INC*	Units 1001,1005,1006, 10 th 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	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Riad, North Geelong, 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, Hungary and Abu Dhabi. The Company also has an indirect branch in Singapore.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**13. TRADE AND OTHER RECEIVABLES**

	2022	2021
	£'000	£'000
Trade debtors	4,794	3,444
Amounts receivable from group undertakings	62,876	64,498
Other debtors	616	551
Net investment in lease (see note 23)	47	-
Prepayments	3,459	3,605
Contract assets	3,908	2,934
	<u>75,700</u>	<u>75,032</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

	Accelerated capital allowances	Share Based payments	Tax losses	Other short-term timing differences	Retirement Benefit obligations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	955	218	1,010	94	182	2,459
(Charge)/credit to profit and loss	9	133	(149)	(19)	2	(24)
Charge to other comprehensive income	-	-	-	-	(131)	(131)
Credit to equity for share-based payments	-	145	-	-	-	145
At 31 December 2021 and 1 January 2022	964	496	861	75	53	2,449
(Charge)/credit to profit and loss	(171)	(69)	108	(15)	(6)	(153)
Charge to other comprehensive income	-	-	-	-	(66)	(66)
Charge to equity for share-based payments	-	(205)	-	-	-	(205)
At 31 December 2022	<u>793</u>	<u>222</u>	<u>969</u>	<u>60</u>	<u>(19)</u>	<u>2,025</u>

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**14. DEFERRED TAX ASSET (CONTINUED)**

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 £nil (2021: £426,000) has been credited to the income statement and is included within the total charge to the income statement of £153,000 (2021: £24,000).

15. TRADE AND OTHER PAYABLES

	2022	2021
	£'000	£'000
Current		
Trade creditors	848	1,463
Amounts owed to group undertakings	15,354	24,717
Other taxation and social security	2,143	2,218
Current tax liability	665	727
Other creditors	391	586
Accruals	4,701	5,639
Contract liabilities	20,474	17,629
	<u>44,576</u>	<u>52,979</u>
Non-current		
Other payables	44	62
Contract liabilities	5	591
	<u>49</u>	<u>653</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

	2022	2021
	£'000	£'000
Amounts owed to Group undertakings	<u>41,876</u>	<u>33,249</u>

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

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**17. PROVISIONS FOR LIABILITIES**

	Property related £'000	Total £'000
At 1 January 2022	498	498
Net decrease in provision	(21)	(21)
At 31 December 2022	<u>477</u>	<u>477</u>
	2022 £'000	2021 £'000
Amounts falling due within one year	125	7
Amounts falling due after more than one year	<u>352</u>	<u>491</u>
	<u>477</u>	<u>498</u>

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 2022 no options were exercised. The weighted average remaining contractual life is 3.5 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 12,675 options were exercised by employees of Tribal Education Limited. The weighted average remaining contractual life is 4.5 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 awards met the three-year vesting condition on 26 March 2021. During the year 207,595 options were exercised by employees of Tribal Education Limited. The weighted average remaining contractual life is 5.2 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 options met the three year vesting condition on 7 June 2022 and 16 September 2022 respectively. During the year 70,435 options were exercised by employees of Tribal Education Limited. The weighted average remaining contractual life is 6.4 years.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**18. SHARE BASED PAYMENTS (CONTINUED)****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 an 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. During 2022 167,216 options were exercised by employees.

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. During 2022 446,667 options to Tribal Education Limited employees lapsed as the 2022 performance condition was not met. The weighted average remaining contractual life is 7.5 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. During the year 131,207 options were exercised by employees of Tribal Education Limited. The weighted average remaining contractual life is 7.5 years.

LTIPs awarded in 2022

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 2022, 2023 and 2024. During 2022 98,039 options to Tribal Education Limited employees lapsed as the 2022 performance condition was not met. The weighted average remaining contractual life is 9.5 years.

19. CALLED UP SHARE CAPITAL

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
1,000 (2021: 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>

20. RESERVES

	Share Premium account £'000	Share option reserve £'000	Accumulated profit £'000
At 1 January 2022	6,699	3,469	6,930
Profit for the financial year	-	-	3,561
Share-based payment credit	-	323	-
Dividends paid	-	-	(4,500)
Currency translation difference on foreign currency net investments	-	-	13
Other recognised losses (net)	-	-	196
Net tax charge on credit to equity for share-based payment	-	-	(201)
At 31 December 2022	<u>6,699</u>	<u>3,792</u>	<u>5,999</u>

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**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 £942,000 (2021: £970,000). Contributions of £221,000 (2021: £272,000) 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 Mercer DB Master Trust ("MMT") (formerly known as the Federated Pension Plan); 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

Tribal Education Limited participates in the Prudential Platinum Pension Fund (PPP), which is a defined benefit arrangement. This is a multi-employer plan whereby the Company has no liability for other employers' obligations. If there is any deficit on the wind up of the plan Tribal will augment the benefits payable on behalf of its members under an approved group income protection scheme. If there is any surplus on the wind up of the plan after all other payments have been made, this will be returned to the Company.

The PPP Scheme was created on 1 August 2009. This had 3 deferred members and two pensioners at the year end. The weighted average duration of the Defined Benefit Obligation is 27 years (2021: 31 years). Employer contributions amounting to £53,000 were paid in the year ended 31 December 2022 (2021: £52,000). The accounting figures have been calculated using the full valuation as of 31 December 2021, updated on an approximate basis to 31 December 2022 by a qualified independent actuary.

Scheme 2 – Mercer DB Master Trust

Tribal Education Limited, participates in the Mercer DB Master Trust (MMT) which is a defined benefit arrangement. The Ofsted employees were transferred back to Ofsted in March 2017 and the plan closed to future accrual. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2021.

The Tribal Education section of the Mercer DB Master Trust had 83 deferred members and 71 pensioners/dependents at the year-end. The weighted average duration of the Defined Benefit Obligation is 16 years (2021: 23 years). The Company does not have an unqualified right to apply any surplus in the scheme either on a ongoing basis or upon winding-up of the plan. Consequently, a surplus of £2,641,000 has not been recognised in these accounts. Employer contributions amounting to £69,000 were paid in the year ended 31 December 2022 (2021: £69,000). The accounting figures have been calculated using the valuation as at 5 April 2021, updated on an approximate basis to 31 December 2022 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.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

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:

	2022	2021
	% per annum	% per annum
Inflation	2.3-3.3	2.5-3.5
Salary increases	Nil	Nil
Rate of discount	4.75	1.9
Pension in payment increases	2.3-3.3	2.5-3.5

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

The mortality assumptions adopted at 31 December 2022 imply the following life expectations:

	Males	Females
Aged 60 in 2022	87.3	89.2
Aged 60 in 2042	88.8	90.8

The mortality assumptions adopted at 31 December 2021 imply the following life expectations:

	Males	Females
Aged 60 in 2021	86.8	88.9
Aged 60 in 2041	88.4	90.5

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

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.5%	Decrease by 8%
Rate of inflation	Increase by 0.5 %	Increase by 8%
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.

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

All assets are held in pooled investment vehicles. The analysis of the schemes' assets at the balance sheet date was as follows:

	2022	2021
	£'000	£'000
Equities	2,013	5,569
Corporate bonds	1,670	2,959
Gilts	122	178
Alternative assets	2,278	-
Property	2,014	-
Cash	34	84
Total fair value of the scheme assets	8,131	8,790

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:

	2022	2021
	£'000	£'000
Total fair value of assets	8,131	8,790
Present value of scheme liabilities	(5,418)	(9,005)
Surplus/(deficit) in schemes	2,713	(215)
Surplus in scheme not recognised	(2,641)	-
Asset/(liability) recognised in the balance sheet	72	(215)

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

	2022	2021
	£'000	£'000
Fair value of scheme assets at the beginning of the year	8,790	8,267
Expected return on assets	166	115
Actuarial (losses)/ gains due to the investment returns different from the return implied by the discount rate	(736)	503
Contributions by employer	122	121
Benefits paid	(118)	(124)
Administration expenses	(93)	(92)
Fair value of scheme assets at the end of the year	8,131	8,790

	2022	2021
	£'000	£'000
Present value of scheme liabilities at the beginning of the year	9,005	9,225
Interest cost	170	129
Actuarial loss - experience	258	10
Actuarial loss – demographic assumptions	14	30
Actuarial gain – financial assumptions	(3,911)	(265)
Benefits paid	(118)	(124)
Present value of scheme liabilities at the end of the year	5,418	9,005

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

The Company's contributions rate for 2022 and 2021 for the Prudential Platinum Fund and for the Mercer DB Master Trust was 0%.

The Company expects to make contributions of £122,000 to the defined benefit schemes during the next financial year.

Analysis of amounts charged to the income statement:

	2022 £'000	2021 £'000
Administration expenses	93	23
Recognised in arriving at operating profit	93	23
Other finance charges:		
Interest on pension scheme liabilities	170	129
Expected return on pension scheme assets	(166)	(115)
Net finance charge	4	14
Total charge to income statement	97	37

Analysis of actuarial gain in the statement of comprehensive income

	2022 £'000	2021 £'000
Actual return less expected return on pension scheme assets	(736)	503
Experience gains and losses arising on the scheme liabilities	(258)	(10)
Changes in assumptions underlying the present value of scheme liabilities	3,897	235
Surplus in scheme not recognised	(2,641)	-
Actuarial gain for the year recognised in the statement of comprehensive income	262	728

Cumulative actuarial gains recognised in the statement of comprehensive income since 1 April 2004 are £97,000 (In the year to 31 December 2021: Cumulative losses of £165,000).

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**21. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

History of experience gains and losses is as follows:

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Present value of defined obligations	(5,418)	(9,005)	(9,225)	(8,285)	(7,847)
Fair value of scheme assets	8,131	8,790	8,267	7,745	6,845
Surplus/(deficit) in the scheme	2,715	(215)	(958)	(540)	(1,002)
Experience adjustments arising on scheme assets					
Amount	(736)	503	493	812	(593)
Percentage of the scheme assets	(9%)	6%	6%	10%	(9%)
Experience adjustments arising on scheme liabilities					
Amount	(258)	(10)	6	780	98
Percentage of the scheme liabilities	5%	-	-	9%	1%

22. NOTES TO THE CASH FLOW STATEMENT

	2022	2021
	£'000	£'000
Operating profit	4,734	14,612
Depreciation of property, plant and equipment	363	370
Amortisation and impairment of other intangible assets	181	305
Depreciation of right-of-use assets	484	506
Share based payments	323	624
Other non-cash items	115	(76)
Operating cash flows before movements in working capital	6,200	16,341
Decrease/(increase) in receivables	9,169	(2,118)
Decrease in payables	(10,012)	(14,547)
Net cash from/(used in) operating activities before tax	5,357	(324)
Net tax paid	(608)	(111)
Net cash from/(used in) operating activities	4,749	(435)

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**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 3 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 (2021: £nil) compared to total lease payments of £538,000 (2021: £649,000).

Right-of-use assets

	2022	2021
	£'000	£'000
Balance at 1 January	1,537	2,013
Additions/adjustments	259	121
Depreciation charge for year	(484)	(506)
Disposals during the year	(719)	(89)
Foreign currency revaluation	-	(2)
Balance at 31 December	<u>593</u>	<u>1,537</u>

Lease liabilities

	2022	2021
	£'000	£'000
Balance at 1 January	1,610	2,346
Additions/adjustments	153	(53)
Lease payments	(538)	(649)
Interest expense	30	52
Disposals during the year	(588)	(84)
Foreign currency revaluation	(1)	(2)
Balance at 31 December	<u>666</u>	<u>1,610</u>

Maturity analysis

	2022	2021
	£'000	£'000
Less than one year	422	509
One to five years	262	981
More than five years	-	215
Total undiscounted liabilities at 31 December	<u>684</u>	<u>1,705</u>
Current	408	472
Non-current	<u>258</u>	<u>1,138</u>
Balance at 31 December	<u>666</u>	<u>1,610</u>

TRIBAL EDUCATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
for the year ended 31 December 2022**23. LEASES (CONTINUED)**

The following are the amounts recognised in profit or loss:

	2022	2021
	£'000	£'000
Depreciation on right-of-use assets	484	506
Interest on lease liabilities	30	52
Interest received on leased assets	(2)	(6)
Expenses relating to short-term leases	34	49
Expenses relating to leases of low-value assets	9	9
	<u>555</u>	<u>610</u>

The Group had total cash outflows for leases of £538,000 (2021: £649,000).

As a lessor

During 2022 the Group sub-leased an office building and classified the sub-lease as a finance lease. Finance income on the net investment in the lease amounted to £29,000 (2021: £52,000).

Maturity analysis

	2022	2021
	£'000	£'000
Less than one year	50	-
One to five years	71	-
Total undiscounted lease payments receivable at 31 December	<u>121</u>	<u>-</u>
Current	47	-
Non-current	70	-
Net investment in the lease at 31 December	<u>117</u>	<u>-</u>

24. CONTINGENT LIABILITIES

A cross-guarantee exists between Group companies in respect of bank facilities which was £nil as at 31 December 2022.

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.

26. EVENTS AFTER THE REPORTING PERIOD

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