

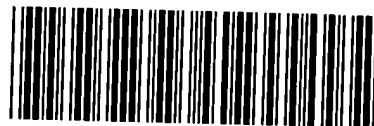
Company Registration Number: 3036966

TRIBAL HOLDINGS LIMITED

Unaudited Annual Report and Financial Statements

31 December 2020

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TRIBAL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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TRIBAL HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Pickett
D McIntyre (appointed 1 June 2021)
R Last (resigned 14 June 2021)

REGISTERED OFFICE

Kings Orchard
1 Queen Street
Bristol
BS2 0HQ

BANKERS

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

HSBC Bank
3 Temple Quay
Bristol
BS1 6DZ

SOLICITORS

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

TRIBAL HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the unaudited financial statements for the year ended 31 December 2020. This Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption not to produce a Strategic Review.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is to hold the new Group internally generated Intellectual Property.

The Directors are satisfied with the result for the year and expect that the Company will continue as a head office service company in the future.

RESULTS AND DIVIDENDS

The results for the year are shown on page 5. The profit for the financial year was £75,000 (2019: loss of £14,000). Intercompany dividends were paid in the year £nil (2019: £nil).

GOING CONCERN

Tribal Group plc, the parent company, has undertaken to make adequate financial resources available to the Company to meet its current and future obligations as and when they fall due.

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

Adoption of the going concern basis.

In assessing the Company's going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts and latest forecasts and assessment of the risks faced by the Group, taking into account reasonably possible changes in trading performance. In addition, management have sufficiently stress tested the latest forecasts to the point where either the Group cannot meet its liabilities or is in breach of banking covenants and have concluded that this position is so remote it does not have a significant impact on the Group's ability to continue as a going concern. Accordingly, after making enquiries and receiving confirmation of Group support as set out above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The directors of the company who were in office during the year were:

- Mark Pickett
- Diane McIntyre (appointed 1 June 2021)
- Richard Last (resigned 14 June 2021)

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.

POST BALANCE SHEET EVENTS

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

TRIBAL HOLDINGS LIMITED

DIRECTORS' REPORT (continued)


AUDIT EXEMPTION

For the year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 16 were approved by the Board of Directors and signed on behalf of the Board on

DocuSigned by:

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M Pickett
Director

TRIBAL HOLDINGS 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 HOLDINGS LIMITED**INCOME STATEMENT****For the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Revenue	3	169	82
Cost of Sales		(75)	-
GROSS PROFIT		94	82
Administrative expenses		(159)	(151)
OPERATING LOSS	4	(65)	(69)
Investment income	5	5	17
LOSS BEFORE TAXATION		(60)	(52)
Tax credit on profit	8	135	39
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		75	(14)

There is no other comprehensive income/(loss) for the current or preceding financial year other than as stated in the income statement. Accordingly, no separate statement of comprehensive income has been presented.

All the Company's operations are classed as continuing activities.

TRIBAL HOLDINGS LIMITED
Company Registration Number: 3036966

BALANCE SHEET
As at 31 December 2020

	Note	2020 £'000	2019 £'000
NON-CURRENT ASSETS			
Intangible assets	9	20,200	12,973
CURRENT ASSETS			
Trade and other receivables	10	20,627	15,635
Cash at Bank		4	61
		<u>20,631</u>	<u>15,696</u>
CURRENT LIABILITIES			
Trade and other payables	12	<u>(40,085)</u>	<u>(27,998)</u>
NET CURRENT LIABILITIES		<u>(19,454)</u>	<u>(12,302)</u>
NET ASSETS		<u>746</u>	<u>671</u>
EQUITY			
Called up share capital	13	113	113
Share option reserve		359	359
Retained earnings		274	199
SHAREHOLDERS' FUNDS		<u>746</u>	<u>671</u>

Notes 1 to 14 form part of these financial statements.


For the year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 16 of Tribal Holdings Limited (Company Registration Number: 3036966) were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

DocuSigned by:

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M Pickett
 Director

TRIBAL HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2020

	Called up share capital	Share premium account	Share option reserve	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	113	-	359	213	685
Dividends paid	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Loss for the financial year	-	-	-	(14)	(14)
Balance at 31 December 2019 and 1 January 2020	113	-	359	199	671
Profit for the financial year	-	-	-	75	75
Balance at 31 December 2020	113	-	359	274	746

TRIBAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

1. GENERAL INFORMATION

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

These financial statements are presented in 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. 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.

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

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.

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

- IFRS 17 Insurance contracts
- Amendments to IFRS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 16: Interest rate benchmark reform
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 16: Covid-19 related rent concessions
- Amendments to IAS 8: Accounting policies - changes in estimates and errors

None of the above standards will have a material impact on the Company.

TRIBAL HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020
2. ACCOUNTING POLICIES
Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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

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

Where relevant, equivalent disclosures have been given in the group financial statements of Tribal Group plc. The group financial statements of Tribal Group plc are available to the public and can be obtained as set out in note 14.

Going concern

Tribal Group plc has undertaken to make adequate financial resources available to Tribal Holdings Limited to meet its current and future obligations as and when they fall due.

Given the reliance on the parent company, it is important that the Directors have considered the ability of the parent company to provide the financial support required by the Company to continue to operate as a going concern for the foreseeable future which is at least 12 months from the approval of these financial statements.

Tribal Group had cash and cash equivalents of £9.5m at the end of 2020 plus access to an undrawn UK and Australian overdraft of £2.0m and \$AUD 2.0m respectively. On 21 January 2020 the Group entered into a 3 year £10m multicurrency revolving facility with HSBC with the option to extend by a further 2 years. The first option to exercise was approved by HSBC on 16 March 2021. The facility was put in place to cover general corporate and working capital requirements of the Group and was fully drawn down in March 2020 but was repaid in full before 31 December 2020.

Tribal Group plc has undertaken to make adequate financial resources available to the Group to meet its current and future obligations as and when they fall due. We responded to the challenges presented by the Covid-19 pandemic and we transitioned quickly and efficiently to remote working. The changes customers have seen from our delivery of work across the business has been well received and demonstrates our ability to adapt and change as a business but still serve customers. It also demonstrates the benefits of remote working to the business both in terms of reduction of travel costs and increase in productivity which we expect to continue to benefit the business into the future post-Covid-19.

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

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

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

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

In assessing the Company's going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts and latest forecasts and assessment of the risks faced by the Group, taking into account reasonably possible changes in trading performance. In addition, management have sufficiently stress tested the latest forecasts to the point where either the Group cannot meet its liabilities or is in breach of banking covenants and have concluded that this position is so remote it does not have a significant impact on the Groups ability to continue as a going concern. Accordingly, after making enquiries and receiving confirmation of Group support as set out above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates and judgements

The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Company bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

There are no critical accounting estimates or judgements in applying the Company's accounting policies.

Intangible assets

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.

TRIBAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2020****2. ACCOUNTING POLICIES (continued)****Intangible assets (continued)**

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

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

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible 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.

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.

Other Revenue

Other Revenue relates to a Research and Development Expenditure Credit (RDEC) tax incentive which is accounted for on an accruals basis, and management charges received in the year which are accounted for on a receivable basis.

Taxation

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

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

TRIBAL HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020
2. ACCOUNTING POLICIES (continued)
Taxation (continued)

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.

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.

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 FVTPL' or 'amortised cost'. There are no financial liabilities held at FVTPL.

TRIBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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.

TRIBAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2020**3. REVENUE**

Revenue relates to other income, consisting of research and development expenditure credits claimed. The Company does not have revenue relating to contracts with customers.

	2020	2019
	£'000	£'000
Other income	169	82

4. OPERATING PROFIT/(LOSS)

	2019	2018
	£'000	£'000
Operating profit/(loss) is stated after charging/(crediting):		
Amortisation of development costs	111	-
Net foreign exchange profit	(64)	(28)

5. AUDITORS' REMUNERATION

Fees payable to the Group's auditors BDO LLP for the audit of the Company's annual financial statements were £nil (2019: £nil). In the current and previous years the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

6. STAFF COSTS

There were no employees employed by the Company during the year ended 31 December 2020 and 31 December 2019.

Directors' Remuneration

M Pickett and R Last are directors of Tribal Group plc and their emoluments and pension details are disclosed in the Group financial statements. They are remunerated by Tribal Group plc for their services to the group as a whole and it is not practicable to allocate their remuneration between their services as directors of this company and their services as directors of other group companies. Their total remuneration payable for 2020 and comparable amounts for the preceding year are as follows: M Pickett £977,775 (2019: £874,014) R Last £104,500 (2019: £269,559).

7. INVESTMENT INCOME

	2020	2019
	£'000	£'000
Bank interest receivable	5	17

TRIBAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2020**8. TAX ON PROFIT/(LOSS)**

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax for the year	(105)	(98)
Adjustments in respect of prior periods	43	71
	<u>(62)</u>	<u>(27)</u>
Deferred tax		
Origination and reversal of timing differences	(19)	64
Adjustment in respect of prior periods	(102)	(69)
Effect of rate change	48	(6)
	<u>(73)</u>	<u>(11)</u>
Tax credit on profit/(loss)	<u>(135)</u>	<u>(38)</u>

The standard rate of tax for the year was 19% (2019: 19%). The actual tax credit for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2020	2019
	£'000	£'000
Loss before taxation	<u>(60)</u>	<u>(52)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(11)	(10)
Effects of:		
Expenses not deductible for tax purposes	-	30
Effect of rate change	48	(6)
Transfer pricing adjustments	(107)	(65)
Adjustments in respect of prior periods	(59)	2
R&D tax credits	(6)	11
Total tax credit	<u>(135)</u>	<u>(38)</u>

The income tax expense for the year is based on the UK statutory rate of corporation tax for the year of 19% (2019: 19%). Tax for other jurisdictions is calculated at the prevailing rates prevailing in the respective jurisdictions.

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

TRIBAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2020**9. INTANGIBLE ASSETS**

	Acquired intangibles £'000	Development Costs £'000	Total £'000
Cost			
At 1 January 2020	1,873	11,773	13,646
Additions	-	7,372	7,372
Transfers	1,873	-	-
At 31 December 2020	1,873	19,145	21,018
Accumulated Depreciation			
At 1 January 2020	660	13	673
Charge for the year	75	70	145
Transfers	-	-	-
At 31 December 2020	735	83	818
Net book value			
At 31 December 2020	1,138	19,062	20,200
Net book value			
At 31 December 2019	1,213	11,760	12,973

10. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Amounts due from group undertakings	20,213	15,326
Other debtors	-	3
Corporation tax	414	288
Other taxation and social security	-	18
	<u>20,627</u>	<u>15,635</u>

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

11. DEFERRED TAX

	2020 £'000	2019 £'000
Deferred tax is provided as follows:		
Differences between capital allowances and depreciation	(1,058)	(678)
Short-term timing differences	616	163
	<u>(442)</u>	<u>(515)</u>

TRIBAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2020**11. DEFERRED TAX (continued)**

The movement in deferred tax balances during the year and prior year is as follows:

	Accelerated capital allowances £'000	Other short- term differences £'000	Total £'000
Deferred taxation			
At 1 January 2019	(526)	-	(526)
Income statement charge	(152)	163	11
At 31 December 2019 and 1 January 2020	(678)	163	(515)
Income statement (charge)/credit	(380)	453	73
At 31 December 2020	(1,058)	616	(442)

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 £49,000 (2019: £6,000) has been debited to the income statement and is included within the total deferred tax credit (2019: credit) to the income statement of £73,000 (2019: £11,000).

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	39,555	27,453
Accruals	88	30
Deferred tax (note 11)	442	515
	40,085	27,998

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

13. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, issued and fully paid		
2,263,652 ordinary shares of 5p each	113	113

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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

The Company's ultimate parent company and controlling party is Tribal Group plc, which is incorporated in the United Kingdom. Tribal Group plc is the parent of the only group for which group financial statements are prepared. The smallest and largest undertaking for which the Company is a member and for which group financial statements are prepared is Tribal Group plc. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ, or from their website www.companieshouse.gov.uk.