

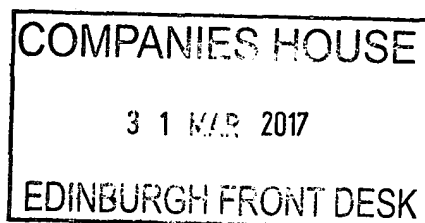
Company Registration No. 03935677

## Frog Education Limited

### STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

30 June 2016



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# Frog Education Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

M J Bushnell  
G J Davies  
S J Holt  
Lord Sutherland of Houndwood  
M L Wilkinson  
Yeoh P L  
Dato' Yeoh S H

### REGISTERED OFFICE

3<sup>rd</sup> Floor  
D Mill  
Dean Clough Mills  
Halifax  
HX3 5AX

### AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)  
Chartered Accountants  
2 Whitehall Quay  
Leeds  
LS1 4HG

# Frog Education Limited

## STRATEGIC REPORT

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### REVIEW OF THE BUSINESS

Turnover for the year was £7.3m (2015 – £7.6m) and operating loss was £494k (2015: £582k).

The Group has created a wholly owned subsidiary in Malaysia, and separated day-to-day operations between the UK and Malaysia. The businesses in both the UK and Malaysia have undergone significant restructuring during the year to reflect these separated operations. This has enabled both territories to respond more quickly to local customer needs.

The UK business has continued to invest in the development of the new Frog Progress software and is seeing very positive results from its early customers.

The Group is developing an increasingly strong thought leadership position, particularly around the new curriculum and assessment framework.

The business has now integrated all of its core products far more deeply with each other and is finding ways of applying all of its technology successfully to school's current challenges, particularly in the areas of curriculum and assessment.

The directors use a number of financial and non-financial key performance indicators to manage the business, including cash generation, cash retention, customer engagement, profitability, product delivery and development defect threshold.

### FUTURE DEVELOPMENTS

The Group continues to have a global product strategy based on its vision to improve education through technology and will continue to further its focus on thought leadership in the education sector.

The business plans to invest further in product development to further enhance its current product range.

The business also plans to investigate adjacent markets during the coming year where its technology may offer a distinct advantage.

### FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The directors seek to manage the Group's exposure to financial risk where appropriate. Due to the nature of its customers, the Group's credit risk is not considered significant. The directors monitor the Group's cash flows and liquidity on a regular basis to ensure that all obligations are met when due. The Group has no borrowings and so is not materially exposed to interest rate risk. All significant overseas trading is conducted in sterling so the Group is not materially exposed to foreign exchange risk.

On behalf of the board



G.J. Davies  
Director

28 March 2017

## Frog Education Limited

### DIRECTORS' REPORT

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The directors submit their report and the consolidated financial statements of Frog Education Limited for the year ended 30 June 2016.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company and the Group during the year were sales into the education market and further development of the web environment product.

#### DIRECTORS

The following directors have held office during the year:

M J Bushnell  
G J Davies  
S J Holt (appointed 7 October 2015)  
Lord Sutherland of Houndwood  
S L Van Haazel (resigned 30 October 2015)  
S P Ward (appointed 27 November 2015; resigned 30 June 2016)  
M L Wilkinson (appointed 7 October 2015)  
Yeoh P L  
Dato' Yeoh S H

#### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

#### AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

#### STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has prepared a Strategic Report which includes information that would previously have been included in the Directors' Report.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



G J Davies  
Director

Date: 28 March 2017

## Frog Education Limited

### DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FROG EDUCATION LIMITED

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### Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

ANDREW ALLCHIN (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

Date: 31 March 2017

# Frog Education Limited

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	2016 £	2015 £
TURNOVER	1	7,292,394	7,574,698
Cost of sales		(406,389)	(281,062)
Gross profit		6,886,005	7,293,636
Administration expenses		(7,380,433)	(7,875,771)
OPERATING LOSS		(494,428)	(582,135)
Profit on disposal of subsidiary undertaking		-	576,632
Interest paid		-	(91)
Interest receivable and similar income	2	15,386	19,517
Costs of fundamental reorganisation or restructuring of existing operations	3	(198,100)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(677,142)	13,923
Taxation	7	(285,467)	(210,194)
LOSS FOR THE FINANCIAL YEAR		(962,609)	(196,271)
Other comprehensive income			
– Currency translation differences		41,286	-
TOTAL COMPREHENSIVE INCOME		(921,323)	(196,271)
Loss for the financial year is attributable to:			
Equity holders of Frog Education Limited		(962,609)	(297,303)
Minority interest		-	101,032
		(962,609)	(196,271)
Total comprehensive income for the financial year is attributable to:			
Equity holders of Frog Education Limited		(921,323)	(297,303)
Minority interest		-	101,032
		(921,323)	(196,271)

# Frog Education Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

Company Registration No. 03935677

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Negative goodwill	8	(312,826)	(394,433)
Other intangible assets	8	610,266	769,466
Total intangible assets		297,440	375,033
Tangible assets	9	160,117	163,001
		457,557	538,034
<b>CURRENT ASSETS</b>			
Stocks	11	2,605	11,287
Debtors due within one year	12	4,408,262	2,637,923
Debtors due after one year	12	7,391	73,080
Cash at bank and in hand		2,000,335	3,981,109
		6,418,593	6,703,399
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,906,652)	(2,301,056)
<b>NET CURRENT ASSETS</b>		3,511,941	4,402,343
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,969,498	4,940,377
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(106,365)	(133,670)
Deferred tax provision	16	(131,642)	(153,893)
<b>NET ASSETS</b>		3,731,491	4,652,814
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	14,028	14,028
Share premium account	18	2,296,144	2,296,144
Capital redemption reserve	18	68	68
Profit and loss account	18	1,421,251	2,342,574
<b>TOTAL EQUITY</b>		3,731,491	4,652,814

The financial statements on pages 6 to 33 were approved by the board of directors and authorised for issue on 28 March 2017 and are signed on its behalf by:

  
G. J. Davies  
Director



# Frog Education Limited

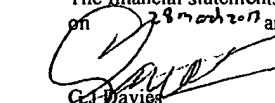
## COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

Company Registration No. 03935677

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Negative goodwill	8	(312,826)	(394,433)
Other intangible assets	8	610,266	769,466
Total intangible assets		297,440	375,033
Tangible assets	9	86,758	163,001
Investments	10	16,709	-
		400,907	538,034
<b>CURRENT ASSETS</b>			
Stocks	11	2,605	11,287
Debtors due within one year	12	3,271,908	2,637,923
Debtors due after one year	12	7,391	73,080
Cash at bank and in hand		1,998,791	3,981,109
		5,280,695	6,703,399
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,255,646)	(2,301,056)
<b>NET CURRENT ASSETS</b>		3,025,049	4,402,343
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,425,956	4,940,377
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(106,365)	(133,670)
Deferred tax provision	16	(123,645)	(153,893)
<b>NET ASSETS</b>		3,195,946	4,652,814
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	14,028	14,028
Share premium account	18	2,296,144	2,296,144
Capital redemption reserve	18	68	68
Profit and loss account	18	885,706	2,342,574
<b>TOTAL EQUITY</b>		3,195,946	4,652,814

The financial statements on pages 6 to 33 were approved by the board of directors and authorised for issue on 28 March 2017 and are signed on its behalf by:

  
G. J. Davies  
Director

**Frog Education Limited**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2016**

	Share capital £	Capital redemption £	Share premium £	Profit and loss account £	Minority interest £	Total £
BALANCE AT 30 JUNE 2014	14,028	68	2,296,144	3,711,637	(209,212)	5,812,665
Loss and total comprehensive income for the period	-	-	-	(297,303)	101,032	(196,271)
Total comprehensive income for the year	14,028	68	2,296,144	3,414,334	(108,180)	5,616,394
Transactions with owners in their capacity as owners:-						
Acquisition of minority interest	-	-	-	-	108,180	108,180
Dividend in specie	-	-	-	(1,071,760)	-	(1,071,760)
BALANCE AT 30 JUNE 2015	14,028	68	2,296,144	2,342,574	-	4,652,814
Loss for the year	-	-	-	(962,609)	-	(962,609)
Other comprehensive income	-	-	-	41,286	-	41,286
Total comprehensive income for the year	-	-	-	(921,323)	-	(921,323)
BALANCE AT 30 JUNE 2016	14,028	68	2,296,144	1,421,251	-	3,731,491

**Frog Education Limited**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2016**

	Share capital £	Capital redemption £	Share premium £	Profit and loss account £	Total £
BALANCE AT 30 JUNE 2014 (as previously stated)	14,028	68	2,296,144	4,275,302	6,585,542
Effects of FRS 102 transition	-	-	-	(84,450)	(84,450)
BALANCE AT 30 JUNE 2014 (as restated)	14,028	68	2,296,144	4,190,852	6,501,092
Loss and total comprehensive income for the period	-	-	-	(776,518)	(776,518)
Total comprehensive income for the year	14,028	68	2,296,144	3,414,334	5,724,574
Transactions with owners in their capacity as owners:-					
Dividend in specie	-	-	-	(1,071,760)	(1,071,760)
BALANCE AT 30 JUNE 2015	14,028	68	2,296,144	2,342,574	4,652,814
Loss and total comprehensive income for the year	-	-	-	(1,456,868)	(1,456,868)
BALANCE AT 30 JUNE 2016	14,028	68	2,296,144	885,706	3,195,946

**Frog Education Limited**  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
For the year ended 30 June 2016

	Note	2016 £	2015 £
<b>OPERATING ACTIVITIES</b>			
Cash used in operations	19	(1,890,714)	(879,720)
Corporation taxes paid		(87,641)	(324,090)
Interest paid		-	(91)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(1,978,355)</b>	<b>(1,203,901)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of trade and assets		-	(8,000)
Cash acquired		-	183,146
Purchase of tangible fixed assets		(19,055)	(48,234)
Proceeds on disposal of tangible fixed assets		1,250	-
Cash disposed of on disposal of subsidiary		-	(93,404)
Acquisition of minority interest		-	108,180
Interest received		15,386	19,517
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>		<b>(2,419)</b>	<b>161,205</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,980,774)</b>	<b>(1,042,696)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>3,981,109</b>	<b>5,023,805</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>2,000,335</b>	<b>3,981,109</b>
Relating to:-			
Bank balances and short term deposits included in cash at bank and in hand		2,000,335	3,981,109
		<u>2,000,335</u>	<u>3,981,109</u>

**Frog Education Limited**  
**COMPANY STATEMENT OF CASHFLOWS**  
For the year ended 30 June 2016

	Note	2016 £	2015 £
OPERATING ACTIVITIES			
Cash used in operations	19	(1,889,311)	(674,211)
Corporation taxes paid		(73,879)	(327,530)
Interest paid		-	(91)
NET CASH USED IN OPERATING ACTIVITIES		(1,963,190)	(1,001,832)
INVESTING ACTIVITIES			
Acquisition of trade and assets		-	(8,000)
Cash acquired		-	183,146
Purchase of investment in subsidiary		(16,709)	-
Purchase of tangible fixed assets		(19,055)	(48,234)
Proceeds on disposal of tangible fixed assets		1,250	-
Interest received		15,386	19,517
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(19,128)	146,429
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,982,318)	(855,403)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,981,109	4,836,512
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,998,791	3,981,109
Relating to:-			
Bank balances and short term deposits included in cash at bank and in hand		1,998,791	3,981,109
		1,998,791	3,981,109

# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

Frog Education Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is 3<sup>rd</sup> Floor, D Mill, Dean Clough Mills, Halifax, HX3 5AX.

The Group consists of Frog Education Limited and all of its subsidiaries.

The Company's and the Group's principal activities are included in the Directors' Report.

### BASIC OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

### FIRST TIME ADOPTION OF FRS 102

These financial statements are the first financial statements of Frog Education Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Frog Education Limited for the period ended 30 June 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the previous accounting standards applied. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in equity at the transition date.

Details of the transition are detailed in note 23.

### COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year and total comprehensive income for the year were £1,456,868 (2015 – £776,518).

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Frog Education Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June 2016.

# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### BASIS OF CONSOLIDATION *(continued)*

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

### GOING CONCERN

As at 30 June 2016 the Group had cash reserves of £2,000,335 and net current assets of £3,511,941. There are no bank borrowings. The Group is expecting to further improve its financial position during the year ending 30 June 2017 and beyond. On the basis of the above, the directors are confident that the Group is a going concern and will be able to meet its financial obligations during the forthcoming 12 months from the date of approval of the financial statements.

### FUNCTIONAL AND PRESENTATIONAL CURRENCY

The consolidated financial statements are presented in sterling which is also the functional currency of the Company and Group.

### FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### TURNOVER

The Group recognises revenue as follows:

- software licence fees, hardware sales and associated items are recognised on delivery, and where applicable, acceptance by the customer, provided that no significant vendor obligations remain and collection of the resulting debt is deemed probable;
- fees for access to the company's hosted software are recognised on a straight line basis over the period of the contract term;
- fees for training, consultancy, implementation and other services are recognised as performed; and
- annual hosting, support and maintenance income is recognised over the period of delivery of the contract on a pro-rata basis.

### INTANGIBLE FIXED ASSETS – NEGATIVE GOODWILL

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit, which the directors consider to be 5 years.

### INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Software	20%
Customer relationships	20%

The directors are amortising the customer relationships over 5 years as they believe this is a reasonable estimate of the customer attrition rate on the recurring income. Software is being amortised over 5 years as the directors believe this is a reasonable estimate of the useful life of the software given technological advancement and changing market conditions.

Amortisation charges are included in 'Administration expenses' in the Statement of Total Comprehensive Income.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.



# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Leasehold improvements	depreciated over the lease term
Office equipment and furniture and fixtures	depreciated over 3-7 years on a straight line basis
IT equipment	depreciated over 5 years on a straight line basis

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

### FIXED ASSET INVESTMENTS

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

The directors have considered impairment by reference to forecast future cash flows of the acquired business and do not consider there to be any requirement for impairment.

### IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

### STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously are.

### LEASES

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

### RETIREMENT BENEFITS

#### *Defined contribution plans*

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### FINANCIAL INSTRUMENTS *(continued)*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### ***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables and loans from fellow Group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

# Frog Education Limited

For the year ended 30 June 2016

## ACCOUNTING POLICIES

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### RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Useful economic lives of intangible assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the intangible assets, and the accounting policies for the useful economic lives for each class of assets.

##### *Useful economic lives of tangible fixed assets*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the tangible fixed assets, and the accounting policies for the useful economic lives for each class of assets.

##### *Acquisition intangibles*

The Group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation.

##### *Impairment of debtors*

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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**1 TURNOVER**

The turnover of the Group is all attributable to its principal activity.

<b>2 INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	15,386	19,517

<b>3 EXCEPTIONAL ITEMS</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>

Exceptional – cost of a fundamental reorganisation or restructuring	198,100	-
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Restructuring costs relate to redundancy expenses incurred during the year.

<b>4 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>

(Loss)/profit on ordinary activities before taxation is stated after charging / (crediting):

Negative goodwill released to profit or loss	(81,607)	(13,601)
Amortisation of intangible fixed assets	159,200	26,533
Depreciation of owned tangible fixed assets	106,485	113,751
Profit on disposal of fixed assets	(1,250)	-
Auditor's remuneration	21,600	19,000
Operating lease charges	171,142	154,899
Foreign exchange loss	13	594
Bad debt provision	931,750	14,852

The bad debt provision includes £931,750 (2015 - £nil) in relation to amounts due from Frogasia Sdn Bhd.

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

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<b>5</b>	<b>STAFF COSTS</b>	<b>2016</b>	<b>2015</b>
		<b>No.</b>	<b>No.</b>
	The average monthly number of persons (including directors) employed by the Group during the year was:	122	129
		<hr/>	<hr/>
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Staff costs for the above persons:		
	Wages and salaries	4,466,497	4,605,326
	Social security costs	433,144	451,163
	Other pension costs	208,838	213,396
		<hr/>	<hr/>
		5,108,479	5,269,885
		<hr/>	<hr/>
<b>6</b>	<b>DIRECTORS' EMOLUMENTS</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Aggregate emoluments including benefits in kind	641,480	590,725
	Company contribution paid to a money purchase pension scheme	20,648	16,035
		<hr/>	<hr/>
		662,128	606,760
		<hr/>	<hr/>
		<b>No.</b>	<b>No.</b>
	Number of directors to whom retirement benefits are accruing under money purchase schemes	5	2
		<hr/>	<hr/>

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2016 £	2015 £
UK Corporation tax		
Charge for the year at 20% (2015 – 20.75%)	(24,028)	-
Foreign tax	325,845	217,408
Adjustments in respect of prior periods	-	(3,440)
	<hr/>	<hr/>
Total current tax	301,817	213,968
	<hr/>	<hr/>
Deferred taxation		
Charge / (credit) for the year	(16,350)	(3,774)
	<hr/>	<hr/>
Total deferred tax	(16,350)	(3,774)
	<hr/>	<hr/>
Tax charge	285,467	210,194
	<hr/>	<hr/>

A deferred tax asset in respect of trading losses which total £1,947,341 (2015 - £729,464) has not been recognised due to the uncertainty of recoverability.

Factors affecting tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20% (2015 – 20.75%). The differences are explained below:

	2016 £	2015 £
(Loss)/Profit on ordinary activities before tax	(677,142)	13,923
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.75%)	(135,428)	2,889
Effects of:		
Income not taxable	-	(110,383)
Expenses not deductible for tax purposes	7,821	-
Foreign income taxed at different rates	193,737	321,128
Adjustments in respect of prior periods	-	(3,440)
Research and development tax credits	(15,621)	-
Losses not utilised	240,195	-
Amounts relating to changes in tax rates	(5,237)	-
	<hr/>	<hr/>
Tax charge for the year	285,467	210,194
	<hr/>	<hr/>

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

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8 INTANGIBLE ASSETS	<i>Software</i>	<i>Customer relationship</i>	<i>Sub - total</i>	<i>Negative Goodwill</i>	<i>Total</i>
	£	£	£	£	£
<b>GROUP AND COMPANY COST</b>					
At 30 June 2015	497,000	299,000	796,000	(408,034)	387,966
At 30 June 2016	497,000	299,000	796,000	(408,034)	387,966
<b>AMORTISATION</b>					
At 30 June 2015	16,567	9,967	26,534	(13,601)	12,933
Charge for the year	99,400	59,800	159,200	(81,607)	77,593
At 30 June 2016	115,967	69,767	185,734	(95,208)	90,526
<b>NET BOOK VALUE</b>					
At 30 June 2016	381,033	229,233	610,266	(312,826)	297,440
At 30 June 2015	480,433	289,033	769,466	(394,433)	375,033



**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

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**9 TANGIBLE FIXED ASSETS**

GROUP	<i>Leasehold improvements</i>	<i>Office equipment and furniture &amp; fixtures</i>	<i>IT equipment</i>	<i>Total</i>
	£	£	£	£
<b>COST</b>				
At 30 June 2015	142,659	372,245	-	514,904
Additions	-	19,055	-	19,055
Additions from related party	11,268	57,370	15,908	84,546
Disposals	-	(14,171)	-	(14,171)
At 30 June 2016	153,927	434,499	15,908	604,334
<b>DEPRECIATION</b>				
At 30 June 2015	95,832	256,071	-	351,903
Provided during the year	36,527	67,380	2,578	106,485
Eliminated on disposals	-	(14,171)	-	(14,171)
At 30 June 2016	132,359	309,280	2,578	444,217
<b>NET BOOK VALUE</b>				
At 30 June 2016	21,568	125,219	13,330	160,117
At 30 June 2015	46,827	116,174	-	163,001

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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**8 TANGIBLE FIXED ASSETS (continued)**

COMPANY	<i>Leasehold improvements</i>	<i>Office equipment and furniture &amp; fixtures</i>	<i>Total</i>
	£	£	£
<b>COST</b>			
At 30 June 2015	142,659	372,245	514,904
Additions	-	19,055	19,055
Disposals	-	(14,171)	(14,171)
	<hr/>	<hr/>	<hr/>
At 30 June 2016	142,659	377,129	519,788
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 30 June 2015	95,832	256,071	351,903
Provided during the year	35,175	60,123	95,298
Eliminated on disposals	-	(14,171)	(14,171)
	<hr/>	<hr/>	<hr/>
At 30 June 2016	131,007	302,023	433,030
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 30 June 2016	11,652	75,106	86,758
	<hr/>	<hr/>	<hr/>
At 30 June 2015	46,827	116,174	163,001
	<hr/>	<hr/>	<hr/>

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10 FIXED ASSET INVESTMENTS**

COMPANY	<i>Shares in subsidiary undertakings</i> £
Cost	
At 1 July 2015	-
Additions	16,709
At 30 June 2016	<u>16,709</u>
CARRYING AMOUNT	
At 30 June 2016	<u>16,709</u>
At 30 June 2015	<u>-</u>

The Company's subsidiary undertakings are:

Subsidiary undertaking	Country of registration or incorporation	Nature of business	Class of shares held	Proportion of shares held
Frog Education Sdn Bhd	Malaysia	Development of web environment product	Ordinary shares	100%

On 18 December 2015 Frog Education Sdn Bhd was incorporated as a fully owned subsidiary of Frog Education Limited. The Company initially held 2 Ordinary shares of RM1 each, however on 16 February 2016 Frog Education Sdn Bhd issued a further 99,998 Ordinary shares of RM1 each to the Company.

**11 STOCKS**

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Goods for resale	<u>2,605</u>	<u>11,287</u>	<u>2,605</u>	<u>11,287</u>

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**12 DEBTORS**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Due within one year:				
Trade debtors	3,370,354	1,471,226	1,401,436	1,471,226
Prepayments and accrued income	340,950	370,526	340,950	370,526
Other debtors	97,035	48,865	97,035	48,865
Amounts owed by parent undertaking	582,798	572,448	582,798	572,448
Amounts owed by subsidiary undertaking	-	-	750,804	-
Corporation tax debtor	-	151,832	81,760	151,832
Deferred tax asset (note 16)	17,125	23,026	17,125	23,026
	<u>4,408,262</u>	<u>2,637,923</u>	<u>3,271,908</u>	<u>2,637,923</u>
	2016	2015	2016	2015
	£	£	£	£
Due after one year:				
Prepayments and accrued income	7,391	73,080	7,391	73,080
	<u>7,391</u>	<u>73,080</u>	<u>7,391</u>	<u>73,080</u>

During the year, an impairment loss of £931,750 (2015 – £nil) was recognised in respect of trade receivables due from a related party (note 21).

**13 CREDITORS: Amounts falling due within one year:**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	172,974	204,466	172,974	204,466
Other taxes and social security costs	315,516	318,490	315,516	318,490
Corporation tax payable	62,344	-	-	-
Other creditors	586,251	50	26,303	50
Amounts owed to fellow subsidiary	-	8,000	-	8,000
Accruals and deferred income	1,769,567	1,770,050	1,740,853	1,770,050
	<u>2,906,652</u>	<u>2,301,056</u>	<u>2,255,646</u>	<u>2,301,056</u>

Deferred income represents amounts invoiced in advance for annual support contracts and goods and services not yet delivered.

Included within Group and Company accruals is £13,107 of unpaid pension contributions (2015 – £18,445).

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

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**14 CREDITORS: Amounts falling due after more than one year**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred income	106,365	133,670	106,365	133,670
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**15 FINANCIAL INSTRUMENTS**

The carrying amount of the financial instruments at 30 June were:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial assets:				
Measured at amortised cost	4,050,187	2,092,539	2,832,073	2,092,539
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Financial liabilities				
Measured at amortised cost	759,225	212,516	199,277	212,516
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**16 DEFERRED TAXATION**

**Deferred tax asset**

The movement in the deferred taxation provision during the year was:

	Group 2016 £	Company 2016 £
Asset brought forward	(23,026)	(23,026)
Charged to the profit and loss account	5,901	5,901
	<u>          </u>	<u>          </u>
Asset carried forward	(17,125)	(17,125)
	<u>          </u>	<u>          </u>

The deferred taxation asset consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Delayed capital allowances	(3,446)	(3,446)	(3,446)	(3,446)
Other timing differences	(13,679)	(19,580)	(13,679)	(19,580)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(17,125)	(23,026)	(17,125)	(23,026)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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**16 DEFERRED TAXATION (continued)**

**Deferred tax provision**

The movement in the deferred taxation provision during the year was:

	Group 2016 £	Company 2016 £
Liability brought forward	(153,893)	(153,893)
Credited to the profit and loss account	22,251	30,248
	<hr/>	<hr/>
Liability carried forward	(131,642)	(123,645)
	<hr/>	<hr/>

The deferred taxation provision consists of the tax effect of timing differences in respect of:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Fair value uplift on intangible assets	(123,645)	(153,893)	(123,645)	(153,893)
Capital allowances in excess of depreciation	(7,997)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(131,642)	(153,893)	(123,645)	(153,893)
	<hr/>	<hr/>	<hr/>	<hr/>

**17 SHARE CAPITAL**

	2016 £	2015 £
Allotted, issued and fully paid: 140,277 Ordinary shares of 10p each	14,028	14,028
	<hr/>	<hr/>

*Ordinary share rights*

Each of the shares carry a voting right and equal rights to participate in any discretionary dividend.

**18 RESERVES**

Reserves of the Group/Company represent the following:

*Share Premium*

Consideration received for shares issued above their nominal value net of transaction costs.

*Capital Redemption Reserve*

The nominal value of shares repurchased.

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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19 CASH FLOWS	2016 £	2015 £
<b>GROUP</b>		
Reconciliation of total comprehensive income to net cash generated from operations		
Loss after tax	(962,609)	(196,271)
Adjustments for:		
Profit on disposal of subsidiary	-	(576,631)
Profit on disposal of tangible fixed assets	(1,250)	-
Depreciation	106,485	124,841
Amortisation	77,593	215,503
Interest payable	-	91
Interest receivable	(15,386)	(19,517)
Foreign exchange	41,286	-
Taxation	285,467	210,194
Operating cash flows before movements in working capital	(468,414)	(241,790)
Decrease in stock	8,682	13,500
(Increase)/decrease in trade and other debtors	(1,862,383)	1,702,870
Increase/(decrease) in trade and other creditors	431,401	(2,354,300)
Cash used in operations	(1,890,714)	(879,720)
<b>COMPANY</b>		
Reconciliation of loss after tax to net cash generated from operations		
Loss after tax	(1,456,868)	(776,517)
Adjustments for:		
Profit on disposal of tangible fixed assets	(1,250)	-
Depreciation	95,298	113,751
Amortisation	77,593	12,932
Interest payable	-	91
Interest receivable	(15,386)	(19,517)
Taxation	119,604	213,634
Operating cash flows before movements in working capital	(1,181,009)	(455,626)
Decrease in stock	8,682	13,500
(Increase)/decrease in trade and other debtors	(644,268)	1,667,351
Decrease in trade and other creditors	(72,716)	(1,899,436)
Cash used in operations	(1,889,311)	(674,211)

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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**20 COMMITMENTS UNDER OPERATING LEASES**

***Lessee***

At the reporting end date the Group/Company had outstanding total commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Expiring within 1 year	72,283	149,149	51,156	149,149
Expiring between 2 and 5 years	37,117	63,553	1,906	63,553

**21 RELATED PARTY TRANSACTIONS**

The aggregate emoluments of the highest paid director in the period was £312,981 (2015 – £328,584), including pension contributions of £12,600 (2015 – £9,450).

During the year, Mr G Davies, a director, had a loan account in favour of the Company. The loan had a maximum balance outstanding of £1,722 (2015 – £1,130) and was not interest bearing. The balance at year end was £nil (2015 – £1,130) and £1,130 (2015 – £nil) was repaid during the year.

During the year, S L Van Haazel, a director, had a loan of £nil from the Company, which was repaid during the prior year. The maximum balance outstanding was £nil (2015 – £9,000) and was not interest bearing.

During the year, the Company paid £nil (2015 – £4,500) to SH & MW Commercial, a partnership owned by S Holt and M Wilkinson who were shareholders and directors of I Education Limited, in respect of rent charges for its Doncaster office. There was no balance owing at the year-end.

The total remuneration of the key management personnel of the Group during the year was £712,043 (2015 – £667,044).

Included within administrative expenses is a bad debt provision of £931,750 (2015 – £nil) in relation to amounts due from Frogasia Sdn Bhd, a fellow group company.

**22 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of Frog Education Limited is considered to be the Yeoh family by virtue of its control of Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia and the ultimate parent company of Frog Education Limited. The immediate parent company is Frog Education Group Limited.

The smallest and largest group for which consolidated accounts including Frog Education Limited's are prepared is that headed by YTL Power International Berhad, a company listed in Malaysia. The accounts are publicly available and can be obtained from the company's registered office, 11<sup>th</sup> Floor, Yeoh Tiong Lay Plaza, 55, Jalan Bukit Bintang 55100, Kuala Lumpur, Malaysia.



**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**23 FIRST TIME ADOPTION OF FRS 102 - COMPANY**

Reconciliations and descriptions of the effect of the transition to FRS 102 on the Company.

Reconciliation of equity:

	<i>Notes</i>	As at 30 June 2014 £	As at 30 June 2015 £
Equity as reported under previous UK GAAP		6,585,542	4,731,135
Holiday pay accrual	a)	(105,563)	(97,901)
Restatement of acquisition accounting	b)	21,113	(134,313)
Deferred taxation on FRS 102 adjustments	c)	-	153,893
		<u>6,501,092</u>	<u>4,652,814</u>
	30 June 2015 (previous GAAP) £	FRS 102 adjustments £	FRS 102 as restated £
<b>FIXED ASSETS</b>			
Intangible assets	221,140	153,893	375,033
Tangible assets	163,001	-	163,001
	<u>384,141</u>	<u>153,893</u>	<u>538,034</u>
<b>CURRENT ASSETS</b>	<u>6,683,819</u>	<u>19,580</u>	<u>6,703,399</u>
<b>CREDITORS: Amounts falling due within one year</b>	(2,203,155)	(97,901)	(2,301,056)
<b>NET CURRENT ASSETS</b>	4,480,664	(78,321)	4,402,343
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>4,864,805</u>	<u>75,572</u>	<u>4,940,377</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	(133,670)	-	(133,670)
Deferred tax provision	-	(153,893)	(153,893)
<b>NET ASSETS</b>	<u>4,731,135</u>	<u>(78,321)</u>	<u>4,652,814</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14,028	-	14,028
Share premium account	2,296,144	-	2,296,144
Capital redemption reserve	68	-	68
Profit and loss account	2,420,895	(78,321)	2,342,574
<b>SHAREHOLDERS' FUNDS</b>	<u>4,731,135</u>	<u>(78,321)</u>	<u>4,652,814</u>

**Frog Education Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22 FIRST TIME ADOPTION OF FRS 102 - COMPANY (continued)**

Reconciliation of profit or loss:	Notes	As at 30 June 2015 £
Loss as reported under previous UK GAAP		(782,647)
Holiday pay accrual	a)	7,662
Restatement of acquisition accounting	b)	(5,307)
Deferred taxation on FRS 102 adjustment	b)	3,774
Loss reported under FRS102		(776,518)

**Notes to the reconciliations on adoption of FRS 102**

**a) Holiday pay accrual**

FRS 102 requires short term employee benefits to be charged to the profit and loss accounts as the employee services are received. This has resulted in the group recognising a liability for holiday pay of £105,563 at the date of transition which reduced to £97,901 by the 30 June 2015. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid.

**b) Restatement of acquisition accounting**

Under previous UK GAAP, as at 30 June 2015 there was goodwill with a cost of £228,766 in respect of the business of I Education Limited. Under FRS102, separately identifiable intangible assets fall to be recognised which were not recognised under old UK GAAP. As a result, a software intangible asset with a cost of £497,000 and a customer relationship intangible with a cost of £299,000 have been recognised in the re-stated accounts. Once deferred taxation on these intangible assets has been taken into account, negative goodwill as restated is shown with cost of £408,034.

**c) Deferred taxation on FRS 102 adjustment**

As part of the transition to FRS 102, a software intangible and a customer relationship intangible asset have been recognised which did not previously fall to be recognised under old UK GAAP. Deferred tax in respect of these adjustments has been recognised to reflect the difference between the book value and the tax base of these assets.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

**FIRST TIME ADOPTION OF FRS 102 - GROUP**

Note this is the first year that the Company has prepared consolidated accounts. As such, these have been prepared in accordance with FRS 102. Reconciliations of profit and equity to previous GAAP are not required as consolidated numbers have not been reported under previous GAAP.