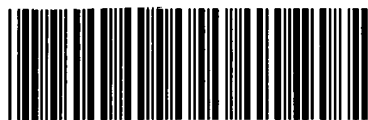


Registered number 05497433 (England and Wales)

Smart Education Limited
Report and financial statements
for the period from 1 January 2016 to 31 August 2016

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Smart Education Limited

Report and financial statements

for the period from 1 January 2016 to 31 August 2016

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Smart Education Limited

Directors and advisers

Directors

Mr R Fielding
Mr G Lennox
Mr D McLaney
Mr N Runnicles
Mr R Grimshaw

Company Secretary

Mr N Runnicles

Registered Number

05497433

Registered Office

26 Red Lion Square
London
WC1R 4HQ
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Smart Education Limited

Strategic report

Business review

The directors are pleased with the performance of the business in what has been a challenging economic environment. The directors expect the business to grow further as it continues to realise the benefits of increased investment in the number of recruitment consultants. The directors also believe the Company is well placed in the UK to maintain and grow business through its strong relationships with schools and its ability to source qualified teachers from both the UK and overseas.

During the period all of the ordinary share capital in the Company was acquired by TES Bidco Limited. As a result, the Company changed its financial year end from 31 December to 31 August to align with that of TES Bidco Limited.

The Company made a profit of £0.9m after tax for the 8 months ended 31 August 2016 (12 months ended 31 December 2015: £1.5m).

The Directors do not recommend the payment of a dividend (2015: £nil). The financial performance of the Company as a whole for the period ended 31 August 2016 is set out in the consolidated financial statements of TES Global Holdings Direct Limited.

The financial position of the Company is presented in the balance sheet. Net assets at 31 August 2016 was £3.7m (31 December 2015: £2.9m).

In response to the business risk resulting from the uncertain economic climate, the directors aim to modify marketing strategies to reflect any changes in market conditions.

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks, facing the business are set out below:

Market risk

The demand for supply teachers influences the Company's turnover and therefore future performance may be affected by changes in demand. The Company performs periodic market reviews to identify any underlying changes in the level of demand.

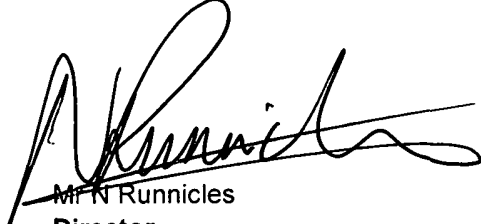
Competitive risk

The main competitive threats facing the Company are from current competitors and potential new entrants into the market. In the opinion of the directors, the Company has sufficiently well-established positions in the local markets within which it operates to defend against potential threats.

Cash flow / liquidity risk

The Company has sufficient funds to cover liabilities as they fall due. A £20m credit facility is available to the Company if required.

On behalf of the Board



Mr N Runnicles

Director

20 December 2016

Smart Education Limited

Directors' report

Directors' report for the period from 1 January 2016 to 31 August 2016

The directors present their report and the audited financial statements of the Company for the eight month period ended 31 August 2016.

Principal activities

The principal activity of the Company is the provision of a recruitment service for publicly and privately funded schools by supplying them with qualified teachers on a daily, semi-permanent and permanent basis mainly in its key markets of London.

Future development

No significant changes are expected in the coming year.

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks, facing the business are set out in the strategic report.

Consolidated financial statements

Following the acquisition by TES Bidco Limited, the financial statements presented with this report are for the Company only. The Company is included within the consolidated financial statements of TES Global Holdings Limited and TES Global Holdings Direct Limited. The prior year financial statements were group consolidated accounts.

Directors

The directors during the period and up to the date of signing the financial statements, unless otherwise noted, were as follows:

Mr R Fielding

Mr R Grimshaw (appointed 6 September 2016)

Mr G Lennox

Mr D Taylor (resigned 18 December 2015)

Mr D McLaney (appointed 18 December 2015)

Mr N Runnicles (appointed 18 December 2015)

Mr S Petherbridge (appointed 18 December 2015, resigned 6 September 2016)

Directors and officers indemnity

The Company maintains liability insurance for its directors and officers and had this in place throughout the period and up to the date of signing the financial statements.

Going concern

The directors, having reviewed the Company's liquid resources and access to borrowings facilities, and the Company's future cash flow forecasts, have a reasonable expectation that the Company has adequate resources to continue as a going concern. Therefore these financial statements have been prepared on this basis.

Smart Education Limited

Directors' report (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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

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

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

Disclosure of information to auditors

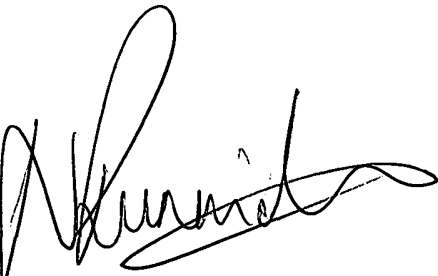
Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware;
2. each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On 5 October 2016 PricewaterhouseCoopers LLP were appointed as auditors and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



Mr N Runnicles
Director

20 December 2016

Independent auditors' report to the members of Smart Education Limited

Report on the financial statements

Our opinion

In our opinion, Smart Education Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 August 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

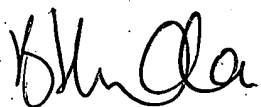
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2016

Smart Education Limited

Income statement

	Note	Period to 31 August 2016 £'000	Restated Year to 31 December 2015 £'000
Revenue		8,940	14,329
Cost of sales		(6,126)	(9,453)
Gross profit		2,814	4,876
Administrative expenses		(2,289)	(3,224)
Operating profit	3	525	1,652
Investment income	9	432	-
Finance income	4	10	-
Profit before income tax		967	1,652
Income tax	6	(113)	(133)
Profit for the period / year		854	1,519

The notes on pages 11 to 25 are an integral part of these financial statements.

During the year, the Company has transitioned to FRS 101. The prior year numbers have been restated accordingly.

Smart Education Limited

Statement of comprehensive income

	Period to 31 August 2016 £'000	Year to 31 December 2015 £'000
Profit for the period / year	854	1,519
Total comprehensive income for the period / year	854	1,519

The notes on pages 11 to 25 are an integral part of these financial statements.

Smart Education Limited

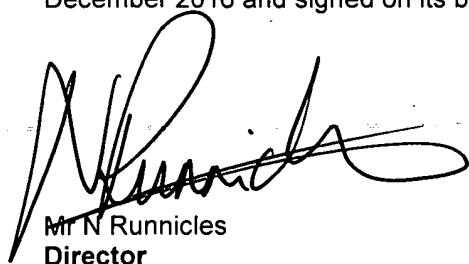
Balance sheet

		As at		
	Note	31 August 2016 £'000	Restated 31 December 2015 £'000	Restated 31 December 2014 £'000
Non-current assets				
Tangible assets	7	92	4	10
Intangible assets	8	48	48	48
Investments	9	-	-	-
Deferred tax asset	12	2	5	26
		142	57	84
Current assets				
Cash at bank and in hand		1,912	2,317	800
Trade and other receivables	10	2,601	1,543	1,506
		4,513	3,860	2,306
Current liabilities				
Trade and other payables	11	927	1,043	1,097
Net current assets		3,586	2,817	1,209
Total assets less current liabilities		3,728	2,874	1,293
Net assets		3,728	2,874	1,293
Equity				
Called up share capital	13	6	6	6
Share premium		641	641	579
Retained earnings		3,081	2,227	708
Total Equity		3,728	2,874	1,293

The notes on pages 11 to 25 are an integral part of these financial statements.

During the year, the Company has transitioned to FRS 101. The prior year numbers have been restated accordingly.

The financial statements on pages 7 to 25 were approved by the Board of Directors on 20 December 2016 and signed on its behalf by:



Mr N Runnicles
Director

Smart Education Limited

Statement of changes in equity

For the period ended 31 August 2016

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2015 - Restated	6	579	708	1,293
Comprehensive income				
Profit for the year	-	-	1,519	1,519
Transactions with owners: issue of shares	-	62	-	62
Balance as at 31 December 2015 - Restated	6	641	2,227	2,874
Comprehensive income				
Profit for the period	-	-	854	854
Balance at 31 August 2016	6	641	3,081	3,728

The notes on pages 11 to 25 are an integral part of these financial statements.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016

1 Transition to FRS 101

These are the Company's first financial statements prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The accounting policies set out in note 2 have been applied on a full retrospective basis in preparing the financial statements for the period ended 31 August 2016, the comparative information presented in these financial statements for the year ended 31 December 2015 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

Initial elections upon adoption

Set out below are the applicable IFRS 1 'First time adoption of International Financial Reporting Standards' exemptions and exceptions applied in the conversion from UK GAAP to FRS 101.

1.1 IFRS 1 exemption options

The Company has applied the exemption option in IFRS 1 to not apply IFRS 3 retrospectively to past business combinations (business combinations that occurred before the date of transition).

1.2 IFRS 1 mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from UK GAAP to FRS 101.

Exception for estimates

FRS 101 estimates as at 1 January 2014 are consistent with the estimates as at the same date made in conformity with UK GAAP.

The other compulsory exceptions of IFRS 1 have not been applied as these are not relevant to the Company:

- Derecognition of financial assets and financial liabilities;
- Hedge accounting; and
- Non-controlling interests.

1.3 Reconciliations of UK GAAP to FRS 101

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from UK GAAP to IFRS for the respective periods noted for equity, comprehensive income, and cash flows.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

1 Transition to FRS 101 (continued)

(a) Reconciliation of total equity as at 1 January 2015

	Under previous UK GAAP	Holiday pay	Foreign exchange contracts	Total impact of change to FRS 101	Under FRS 101
	£'000	£'000	£'000	£'000	£'000
Non-current assets					
Tangible assets	10	-	-	-	10
Intangible assets	48	-	-	-	48
Deferred tax asset	21	3	2	5	26
	79	3	2	5	84
Current assets					
Cash at bank and in hand	800	-	-	-	800
Trade and other receivables	1,506	-	-	-	1,506
	2,306	-	-	-	2,306
Current liabilities					
Trade and other payables	1,097	-	-	-	1,097
Net current assets	1,209	-	-	-	1,209
Total assets less current liabilities	1,288	3	2	5	1,293
Net assets	1,288	3	2	5	1,293
Equity					
Called up share capital	6	-	-	-	6
Share premium	579	-	-	-	579
Retained earnings	703	3	2	5	708
Total Equity	1,288	3	2	5	1,293

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

1 Transition to FRS 101 (continued)

(b) Reconciliation of total equity as at 31 December 2015

	Under previous UK GAAP £'000	Holiday pay £'000	Foreign exchange contracts £'000	Total impact of change to FRS 101 £'000	Under FRS 101 £'000
Non-current assets					
Tangible assets	4	-	-	-	4
Intangible assets	48	-	-	-	48
Deferred tax asset	3	2	-	2	5
	55	2	-	2	57
Current assets					
Cash at bank and in hand	2,317	-	-	-	2,317
Trade and other receivables	1,543	-	-	-	1,543
	3,860	-	-	-	3,860
Current liabilities					
Trade and other payables	1,043	-	-	-	1,043
Net current assets	2,817	-	-	-	2,817
Total assets less current liabilities	2,872	2	-	2	2,874
Net assets	2,872	2	-	2	2,874
Equity					
Called up share capital	6	-	-	-	6
Share premium	641	-	-	-	641
Retained earnings	2,225	2	-	2	2,227
Total Equity	2,872	2	-	2	2,874

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

1 Transition to FRS 101 (continued)

(c) Reconciliation of income statement for the year ended 31 December 2015

	Under previous UK GAAP	Holiday pay	Foreign exchange contracts	Total impact of change to FRS 101	Under FRS 101
	£'000	£'000	£'000	£'000	£'000
Revenue	14,329	-	-	-	14,329
Cost of sales	(9,453)	-	-	-	(9,453)
Gross profit	4,876	-	-	-	4,876
Administrative expenses	(3,224)	-	-	-	(3,224)
Operating profit	1,652	-	-	-	1,652
Finance income	-	-	-	-	-
Profit before income tax	1,652	-	-	-	1,652
Income tax	(130)	(1)	(2)	(3)	(133)
Profit for the financial year	1,522	(1)	(2)	(3)	1,519

Notes to the reconciliation of UK GAAP and IFRS

- 1) Adjustment to recognise deferred tax on a holiday pay accrual. A tax rate of 20% has been used to calculate the deferred tax asset.
- 2) Adjustment to recognise deferred tax on forward exchange contracts on the balance sheet at fair value with resulting gains and losses recognised in the income statement.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Smart Education Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). Smart Education Limited is a private limited liability company incorporated and domiciled in the United Kingdom. The Company is a wholly-owned subsidiary of TES Global Holdings Direct Limited and is included in the consolidated financial statements of TES Global Holdings Direct Limited which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of cash flows';
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- Management of financial risk disclosures including management of credit, liquidity, and market risk and interest rate sensitivity analysis;
- Disclosures around categories of financial instruments; and
- Disclosure of new accounting standards and interpretation but not yet effective.

2.2 Group financial statements

In the prior year the Company prepared Group financial statements, while in the current year the financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirements to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of TES Global Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company. Copies of the consolidated financial statements are available from The Company Secretary, TES Global Holdings Limited, 26 Red Lion Square, London WC1R 4HQ.

2.3 Going concern

The directors confirm that having reviewed the Company's cash requirements for the next 12 months, they have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future. For this reason they have adopted the going concern basis in preparing these financial statements.

2.4 Changes in accounting policy and disclosures

a) Transition to FRS 101

These financial statements represent the first financial statements of the Company prepared in accordance with FRS 101. The Company adopted FRS 101 in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards. The first date at which FRS 101 was applied was 1 January 2015, the date of transition. In accordance with IFRS 1, the Company has:

- provided comparative financial information;
- applied principal accounting policies as set out in this note consistently throughout all periods presented, unless otherwise stated; and
- retrospectively applied all effective IFRS standards as of 31 August 2014, as required.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

2 Significant accounting policies (continued)

2.4 Changes in accounting policy and disclosures (continued)

The Company's financial statements were previously prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). FRS 102 differs in some areas from FRS 101. In preparing these financial statements, management has amended certain accounting and measurement methods previously applied in the FRS 102 financial statements to comply with FRS 101.

b) *New and amended accounting standards*

No new or amended standards adopted by the Company had a material impact on the Company's financial statements.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Assets are depreciated over their expected useful lives less estimated residual value. The principal rates, using the straight-line basis, are as follows:

Category	Rates of Depreciation
Computer equipment	25% to 100% straight line
Fixtures and office equipment	20% to 50% straight line

2.6 Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2.7 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. When a trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited to the income statement.

2.8 Share capital

All Ordinary shares are classified as equity and carry the same voting and dividend rights.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

2 Significant accounting policies (continued)

2.10 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Revenue recognition

Revenue represents net invoiced sale of services, excluding value added tax, and is recognised when the service to the customer has been completed. Turnover is only recognised when the amounts are fixed or determinable and collectability is reasonably assured.

Specifically, revenue in respect of temporary teacher placements is recognised immediately on the completion of the short-term assignment. Permanent teacher placements are recognised immediately on the commencement of the placement.

2.12 Cost of sales

Cost of sales includes costs paid to the supply teachers and any other costs associated directly with the revenue generating activities of the Company.

2.13 Finance income

Finance income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.14 Critical accounting estimates and judgements

The preparation of the Company's financial statements in accordance with FRS 101 requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the balance sheet and income statement. The actual amounts realised may differ from these estimates.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

3 Operating profit

	2016 £'000	2015 £'000
Depreciation and amortisation		
Depreciation of tangible assets (note 7)	11	10

Audit services are borne by the Company's parent undertaking, TES Global Limited. No amounts were recharged to the Company.

4 Finance income and costs

	2016 £'000	2015 £'000
Finance income		
Interest on loans to group undertakings	10	-
Total finance income	10	-

5 Employee benefit expense

	2016 £'000	2015 £'000
Wages and salaries	1,186	1,829
Social security costs	129	202
Other pension costs (note 16)	27	45
	1,342	2,076

The average monthly number of employees, including directors, during the period was as follows:

	2016 Number	2015 Number
Administration	45	45
	45	45

	2016 £'000	2015 £'000
Directors' remuneration		
Aggregate emoluments (excluding pension contributions)	8	12
	8	12

Directors' emoluments including benefits in kind for the highest paid director were £4k (2015:£6k).

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

6 Income tax

	2016 £'000	2015 £'000
Current tax:		
Current tax on profits for the period	111	108
Adjustments in respect of prior years	(1)	4
Total current tax	110	112
Deferred income tax (note 12):		
Origination and reversal of temporary differences	3	21
Total deferred tax	3	21
Income tax charge	113	133

Factors affecting the tax charge for the period

The main rate of UK corporation tax fell from 21% to 20% with effect from 1 April 2015 and remained at 20% throughout the period ending 31 August 2016.

The tax charge in the income statement is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). A reconciliation of the tax charge for the period to the profit for the period multiplied by the applicable UK tax rate is shown below:

	2016 £'000	2015 £'000
Profit before tax	967	1,652
Tax calculated at the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	193	335
Tax effects of:		
Expenditure not deductible for tax purposes	7	10
Capital allowances in excess of depreciation	(2)	(2)
Utilisation of general provisions	(1)	(18)
Share scheme deduction	-	(217)
Non-taxable dividend income	(86)	-
Adjustments in respect of prior years	(1)	4
Deferred tax (note 12):		
Origination and reversal of temporary differences	3	21
Income tax charge	113	133

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

7 Tangible assets

	Computer equipment £'000	Fixtures & office equipment £'000	Total £'000
Cost			
At 1 January 2015	61	40	101
Additions	4	-	4
Disposals	(61)	(40)	(101)
At 31 December 2015	4	-	4
Accumulated Depreciation			
At 1 January 2015	61	30	91
Depreciation charge in the year	-	10	10
Disposals	(61)	(40)	(101)
At 31 December 2015	-	-	-
Net book value			
At 31 December 2015	4	-	4
At 31 December 2014	-	10	10

	Computer equipment £'000	Fixtures & office equipment £'000	Total £'000
Cost			
At 1 January 2016	4	-	4
Additions	-	99	99
At 31 August 2016	4	99	103
Accumulated Depreciation			
At 1 January 2016	-	-	-
Depreciation charge in the period	1	10	11
At 31 August 2016	1	10	11
Net book value			
At 31 August 2016	3	89	92
At 31 December 2015	4	-	4

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

8 Intangible assets

On 4 May 2011, the Company acquired the entire share capital of Brent Supply Teaching Service Limited. On 30 June 2011, the net assets acquired were incorporated into Smart Education Limited and the Brent Supply Teaching Services Limited became dormant. Following the acquisition, part of the cost of acquisition was re-designated as goodwill to the extent that the fair value of consideration exceeded the net asset acquired on 4 May 2011.

	Goodwill £'000	Total £'000
Cost		
At 1 January 2015	161	161
At 31 December 2015	161	161
Accumulated Amortisation		
At 1 January 2015	113	113
At 31 December 2015	113	113
Net book value	48	48
At 31 December 2015	48	48
At 31 December 2014	48	48
	Goodwill £'000	Total £'000
Cost		
At 1 January 2016	161	161
At 31 August 2016	161	161
Accumulated Amortisation		
At 1 January 2016	113	113
At 31 August 2016	113	113
Net book value	48	48
At 31 August 2016	48	48
At 31 December 2015	48	48

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

9 Investments

	2016 £'000	2015 £'000	2014 £'000
Investments in subsidiaries			
As at 31 August	-	-	-
Name of undertaking	Nature of business	Description of shares and proportion of nominal value of that class held	
Smart Education (Australia) Pty Limited (AUS)	Recruitment agency	Ordinary shares of Aus \$1 each (100% held)	

During the year, the Company received a dividend of £432k from the investment.

10 Trade and other receivables

	2016 £'000	2015 £'000	2014 £'000
Trade receivables	890	1,207	1,356
Amounts due from group undertakings (note 14)	1,560	-	-
Other receivables	140	194	91
Prepayments and accrued income	-	112	59
Other tax and social security	11	30	-
Total trade and other receivables	2,601	1,543	1,506

11 Trade and other payables

	2016 £'000	2015 £'000	2014 £'000
Trade payables	288	120	38
Amounts owed to group undertakings (note 14)	21	432	3
Other loans	-	-	240
Other tax and social security	562	101	405
Accruals and deferred income	56	159	138
Other payables	-	231	273
Total trade and other payables	927	1,043	1,097

12 Deferred tax asset

	2016 £'000	2015 £'000	2014 £'000
Balance at start of period	5	26	-
(Charge)/credit to income statement	(3)	(21)	26
Balance at end of period	2	5	26

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

12 Deferred tax asset (continued)

Deferred tax balances are the result of differences between capital allowances and depreciation rates and the provision for holiday pay.

Deferred tax assets have been recognised only to the extent that the directors consider it probable that future taxable profit will be available against which the assets can be utilised.

Finance No.2 Bill 2015 became substantively enacted on 26 October 2015, reducing the main rate of corporation tax to from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred tax balances have been recalculated to reflect these changes.

13 Called up share capital

Ordinary shares of £1 each

	31 December 2014		31 December 2014	
	Authorised		Allotted, issued and fully paid	
	No of shares	Share capital £'000	No of shares	Share capital £'000
Ordinary shares of £0.01 each	584,615	6	584,615	6
Special shares of £1 each	2	-	2	-
	584,617	6	584,617	6

	31 December 2015		31 December 2015	
	Authorised		Allotted, issued and fully paid	
	No of shares	Share capital £'000	No of shares	Share capital £'000
Ordinary shares of £0.01 each	584,615	6	584,615	6
Special shares of £1 each	2	-	2	-
Issue in respect of share options of £0.01 each	62,950	-	62,950	-
	647,567	6	647,567	6

	31 August 2016		31 August 2016	
	Authorised		Allotted, issued and fully paid	
	No of shares	Share capital £'000	No of shares	Share capital £'000
Ordinary shares of £0.01 each	647,565	6	647,565	6
Special shares of £1 each	2	-	2	-
	647,567	6	647,567	6

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

13 Called up share capital (continued)

On 18 December 2015, the company authorised a further 62,950 Ordinary shares of £0.01 each. These shares were issued at £1 per share, and fully paid on the same date.

The Company's ordinary shares which carry no right to fixed income, each carry the right to one vote at the general meetings of the company. The special shares do not confer on the holders any right to receive dividends or other distributions, nor the right to vote at a General Meeting.

14 Related party disclosures

At the end of the period the Company had amounts due from TES Global Limited of £260k (2015: £nil) and due from TES Bidco Limited of £1.3m (2015: £nil). The Company had amounts due to Smart Education (Australia) Pty Limited of £21k (2015: £432k).

15 Controlling Parties

The immediate parent undertaking is TES Bidco Limited, a company registered in England & Wales. The Company and its immediate parent are both consolidated entities of TES Global Holdings Direct Limited, a company registered in England & Wales.

Copies of the largest parent in the group, TES Global Holdings Direct Limited consolidated financial statements, which include the Company, are available from The Company Secretary, TES Global Holdings Direct Limited, 26 Red Lion Square, London WC1R 4HQ.

Copies of the smallest parent in the group, TES Global Holdings Limited consolidated financial statements, which include the Company, are available from The Company Secretary, TES Global Holdings Limited, 26 Red Lion Square, London WC1R 4HQ.

TES Global Holdings Direct Limited is wholly owned by the ultimate parent undertaking, TES Global Investments S.à.r.l, a company incorporated in Luxembourg.

The directors consider that the ultimate controlling party of the Company is TPG Capital LLP, headquartered in the US, on behalf of the funds under its management.

16 Pension

The Company operates a defined contribution scheme in the form of a Contribution Scheme for its qualifying employees. The assets of the Plan are held separately from those of the Company in an independently administered fund. The Company pays a fixed percentage contribution for each employee who is a member of the plan. Contributions payable by the Company to the fund in respect of the period ended 31 August 2016 amounted to £27k. Out of this amount, £3k was accrued at 31 August 2016.

Smart Education Limited

Notes to the financial statements for the period from 1 January 2016 to 31 August 2016 (continued)

17 Operating lease commitments

Other financial commitments

	2016 £'000	2015 £'000	2014 £'000
Not later than one year	212	-	-
Later than one year and no later than five years	870	-	-
Greater than five years	985	2,067	-
	2,067	2,067	-

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases for land and buildings.

18 Events after the reporting period

There have been no material events that have taken place subsequent to the reporting date.