Socrates Technology Limited

Report And Financial Statements

31 December 2015

Rees Pollock
Chartered Accountants

COMPANY INFORMATION

Directors	P Little A Usherwood
Registered number	08193077
Registered office	Roppeleghs West End Lane Haslemere Surrey GU27 2EN
Independent auditors	Rees Pollock Chartered Accountants & Statutory Auditor 35 New Bridge Street London EC4V 6BW
Bankers	Morgan Stanley 25 Cabot Square Canary Wharf London E14 4QA
	Bank of America, N.A. PO Box 25118 Tampa Florida 33622-5118
Solicitors	Troutman Sanders LLP Suite 5200 600 Peachtree Street, N.E. Atlanta Georgia 30308-2216

GROUP STRATEGIC REPORT
For the Year Ended 31 December 2015

Business review

Socrates Technology Limited was formed to act as a holding company for the Firefly business. The technology training market, particularly in the US, is growing fast and Firefly has a well-earned reputation and sound growth prospects.

Principal risks and uncertainties

Socrates has a concentration of its revenues from a small number of large US technology companies. Should these companies suffer a decline there would likely be an adverse effect on the performance of Socrates.

Future Developments

The continued industry wide enthusiasm for the Internet of Things and Software Defined Networks continues to present opportunities for the Firefly companies and our own investment staff and intellectual property will continue to deliver exciting results.

Events since the year end

Continued good progress has been made across all geographies.

This report was approved by the board on 30 September 2016 and signed on its behalf.

P Little
Director

DIRECTORS' REPORT
For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends

The loss for the year, after taxation, amounted to $2,050,724 (2014 - $1,685,303).

The directors have not recommended a dividend (2014: £nil). Details of unpaid accrued cumulative dividends on the company's preference share capital are provided in note 23.

Future developments

Details of likely future developments are contained in the strategic report.

Directors

The directors who served during the year were:

P Little
A Usherwood

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group 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 are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2015

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2016 and signed on its behalf.

P Little
Director

Rees Pollock

Rees Pollock
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOCRATES TECHNOLOGY LIMITED

We have audited the financial statements of Socrates Technology Limited for the year ended 31 December 2015, set out on pages 5 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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.

Respective responsibilities of Directors and Auditors
As explained more fully in the directors' responsibilities statement on page 2, 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 Financial Reporting Council's Ethical Standards for Auditors.

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 www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those accounts.

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.

Alexander Macpherson (Senior Statutory Auditor)
for and on behalf of
Rees Pollock
Chartered Accountants
Statutory Auditor

30 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2015

	Note	2015 $	2014 $
Turnover	3	22,750,817	20,142,299
Cost of sales		(10,131,719)	(10,826,946)
Gross profit		12,619,098	9,315,353
Administrative expenses		(12,669,336)	(9,272,263)
Fair value movements		(80,683)	(120,776)
Operating loss	4	(130,921)	(77,686)
Share of loss of associates		(227,184)	-
Total operating loss		(358,105)	(77,686)
Interest receivable and similar income	8	89,535	67,834
Interest payable and expenses	9	(1,232,171)	(1,437,219)
Loss before taxation		(1,500,741)	(1,447,071)
Tax on loss	10	(549,983)	(238,232)
Loss for the year		(2,050,724)	(1,685,303)
Foreign exchange difference on translation of subsidiary		11,687	14,927
Other comprehensive income for the year		11,687	14,927
Total comprehensive income for the year		(2,039,037)	(1,670,376)
Profit attributable to: Owners of the parent Company		(2,050,724)	(1,685,303)
		(2,050,724)	(1,685,303)
Total comprehensive income attributable to: Owners of the parent Company		(2,039,037)	(1,670,376)
		(2,039,037)	(1,670,376)

The notes on pages 11 to 26 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2015

	Note	$	2015 $	$	2014 $
Fixed assets					
Intangible assets	12		3,583,864		5,734,182
Tangible assets	13		3,565,308		3,567,540
Investments	14		1,292,816		20,000
			8,441,988		9,321,722
Current assets					
Debtors: amounts falling due within one year	15	8,049,835		8,454,058	
Current asset investments	16	3,349,567		2,657,537	
Cash at bank and in hand		1,885,201		2,942,231	
		13,284,603		14,053,826	
Creditors: amounts falling due within one year	17	(17,999,457)		(17,609,377)	
Net current liabilities			(4,714,854)		(3,555,551)
Total assets less current liabilities			3,727,134		5,766,171
Creditors: amounts falling due after more than one year	18		(12,000,000)		(12,000,000)
Net assets			(8,272,866)		(6,233,829)
Capital and reserves					
Called up share capital	20		2		2
Profit and loss account			(8,272,868)		(6,233,831)
			(8,272,866)		(6,233,829)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2016.

P Little
Director

The notes on pages 11 to 26 form part of these financial statements.

COMPANY BALANCE SHEET
As at 31 December 2015

	Note	$	2015 $	$	2014 $
Fixed assets					
Investments	14		6,156,853		4,656,853
			6,156,853		4,656,853
Current assets					
Debtors: amounts falling due within one year	15	6,611,422		7,838,679	
		6,611,422		7,838,679	
Creditors: amounts falling due within one year	17	(4,386,087)		(3,209,998)	
Net current assets			2,225,335		4,628,681
Total assets less current liabilities			8,382,188		9,285,534
Creditors: amounts falling due after more than year	18		(12,000,000)		(12,000,000)
Net assets			(3,617,812)		(2,714,466)
Capital and reserves					
Called up share capital	20		2		2
Profit and loss account			(3,617,814)		(2,714,468)
			(3,617,812)		(2,714,466)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2016.

P Little
Director

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	$	$	$
At 1 January 2015	2	(6,233,831)	(6,233,829)
Loss for the year	-	(2,050,724)	(2,050,724)
Foreign exchange difference on retranslation of subsidiary	-	11,687	11,687
Other comprehensive income for the year	-	11,687	11,687
Total comprehensive income for the year	-	(2,039,037)	(2,039,037)
At 31 December 2015	2	(8,272,868)	(8,272,866)

	Called up share capital	Profit and loss account	Total equity
	$	$	$
At 1 January 2014	2	(4,563,455)	(4,563,453)
Loss for the year	-	(1,685,303)	(1,685,303)
Foreign exchange difference on retranslation of subsidiary	-	14,927	14,927
Other comprehensive income for the year	-	14,927	14,927
Total comprehensive income for the year	-	(1,670,376)	(1,670,376)
At 31 December 2014	2	(6,233,831)	(6,233,829)

The notes on pages 11 to 26 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	$	$	$
At 1 January 2015	2	(2,714,468)	(2,714,466)
Loss for the year	-	(903,346)	(903,346)
Total comprehensive income for the year	-	(903,346)	(903,346)
At 31 December 2015	2	(3,617,814)	(3,617,812)

	Called up share capital	Profit and loss account	Total equity
	$	$	$
At 1 January 2014	2	(1,486,988)	(1,486,986)
Loss for the year	-	(1,227,480)	(1,227,480)
Total comprehensive income for the year	-	(1,227,480)	(1,227,480)
At 31 December 2014	2	(2,714,468)	(2,714,466)

The notes on pages 11 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2015

	2015 $	2014 $
Cash flows from operating activities		
Profit for the financial year	(2,050,724)	(1,685,303)
Adjustments for:		
Amortisation of intangible assets	2,150,318	2,150,318
Depreciation of tangible assets	475,609	530,112
Interest expense	1,232,171	1,436,487
Interest income	(89,535)	(67,834)
Tax charge	549,983	238,232
(Increase) in debtors	(578,948)	(1,902,925)
(Decrease)/increase in creditors	(956,487)	3,712,049
Fair value movement on investments	80,683	(120,776)
Share of operating loss in associates	227,184	-
Corporation tax paid	(132,308)	(226,319)
Net cash generated from operating activities	907,946	4,064,041
Cash flows from investing activities		
Purchase of tangible fixed assets	(473,377)	(3,535,287)
Payment of deferred consideration	-	(1,312,500)
Purchase of short term listed investments	-	(787,063)
Sale of short term unlisted investments	30,033	-
Purchase of share in associates	(1,500,000)	-
Interest received	89,535	67,834
Net cash from investing activities	(1,853,809)	(5,567,016)
Cash flows from financing activities		
New secured loans	-	3,100,000
Repayment of loans	-	(67,706)
Repayment of/new finance leases	-	(111,674)
Interest paid	(111,167)	(62,299)
Net cash used in financing activities	(111,167)	2,858,321
Net (decrease)/increase in cash and cash equivalents	(1,057,030)	1,355,346
Cash and cash equivalents at beginning of year	2,942,231	1,586,885
Cash and cash equivalents at the end of year	1,885,201	2,942,231
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,885,201	2,942,231

The notes on pages 11 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

1. General information

Socrates Technology Limited is a private limited company incorporated in the United Kingdom and registered in England and Wales. The company's registered office is Roppeleghs, West End Lane, Haslemere, Surrey GU27 2EN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The Group transitioned to Financial Reporting Standard 102 on 1 January 2014. No chnages to the financial statements were considered necessary.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgment in applying the entity's accounting policies. Due to the straight forward nature of the business, management consider that no critical judgments have been made in applying the Group's accounting policies.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

2. Accounting policies (continued)

2.3 Associates

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life of 5 years.

2.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 Financial assets

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets like trade and other accounts receivable, loans to related parties and investments in non-puttable ordinary shares.

Investments are measured in accordance with the policy above.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.10 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently the financial liabilities are measured at amortised cost using the effective interest rate method of accounting.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

2.11 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.13 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.15 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2.16 Taxation

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

3. Turnover

The whole of the turnover is attributable to internetworking education and technical training.

An analysis of turnover by geographical market has not been provided as the directors believe that to do so would be seriously prejudicial to the interests of the group.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2015 $	2014 $
Depreciation of tangible fixed assets	475,609	530,112
Amortisation of intangible assets, including goodwill	2,150,318	2,150,318
Exchange differences	83,207	92,001
Other operating lease rentals	260,946	488,134

5. Auditors' remuneration

	2015 $	2014 $
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	35,000	35,000
	35,000	35,000
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	6,500	6,500
Other services relating to taxation	5,500	5,500
	12,000	12,000

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 $	2014 $
Wages and salaries	6,402,303	5,168,528
Social security costs	58,257	186,092
Cost of defined contribution scheme	-	24,335
	6,460,560	5,378,955

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

	2015 No.	2014 No.
	49	43

7. Directors' remuneration

	2015 $	2014 $
Directors' emoluments	206,012	302,628

The highest paid director received remuneration of $206,012 (2014 - $302,628).

8. Interest receivable

	2015 $	2014 $
Other interest receivable	89,535	67,834

9. Interest payable and similar charges

	2015 $	2014 $
Bank interest payable	90,302	62,178
Other loan interest payable	20,865	-
Preference share dividends	1,121,004	1,374,554
Finance leases and hire purchase contracts	-	366
Other interest payable	-	121
	1,232,171	1,437,219

10. Taxation

	2015 $	2014 $
Corporation tax		
Current tax on profits for the year	507,549	218,753
Adjustments in respect of previous periods	42,434	19,479
	549,983	238,232
Total current tax	549,983	238,232
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	549,983	238,232

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 32.25%). The differences are explained below:

	2015 $	2014 $
Profit on ordinary activities before tax	(1,420,058)	(1,447,071)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 32.25%)	(284,012)	(466,680)
Effects of:		
Non-tax deductible amortisation of goodwill	33,704	54,347
Expenses not deductible for tax purposes, other than goodwill amortisation	738,040	599,131
Capital allowances for year in excess of depreciation	17,671	28,495
Utilisation of tax losses	(262,133)	(422,690)
Adjustments to tax charge in respect of prior periods	42,434	19,479
Timing differences on amortisation of goodwill	264,279	426,150
Total tax charge for the year	549,983	238,232

Factors that may affect future tax charges

At the balance sheet date the group had aggregate tax positions arising from unrelieved tax losses carried forward and timing differences in the deductibility of the group's fixed assets of $4,122,709 (2014: $2,632,958), resulting in an unrecognised deferred tax asset at the standard rate of corporation tax in the relevant jurisdictions of $824,542 (2014: $857,883). The asset has not been recognised due to uncertainties over the timing and nature of profits against which it will reverse in accordance with FRS 19.

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was $903,346 (2014 - loss $1,227,480).

12. Intangible assets

Group

	Goodwill
	$
Cost	
At 1 January 2015	10,751,591
At 31 December 2015	10,751,591
Amortisation	
At 1 January 2015	5,017,409
Charge for the year	2,150,318
At 31 December 2015	7,167,727
Net book value	
At 31 December 2015	3,583,864
At 31 December 2014	5,734,182

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

13. Tangible fixed assets

Group

	Freehold property	Fixtures and fittings	Computer equipment	Total
	$	$	$	$
Cost or valuation				
At 1 January 2015	3,100,000	49,088	1,727,729	4,876,817
Additions	-	39,426	433,951	473,377
At 31 December 2015	3,100,000	88,514	2,161,680	5,350,194
Depreciation				
At 1 January 2015	62,000	6,249	1,241,028	1,309,277
Charge owned for the period	62,000	6,249	407,360	475,609
At 31 December 2015	124,000	12,498	1,648,388	1,784,886
Net book value				
At 31 December 2015	2,976,000	76,016	513,292	3,565,308
At 31 December 2014	3,038,000	42,839	486,701	3,567,540

14. Fixed asset investments

Group

	Investments in associates	Unlisted investments	Total
	$	$	$
Cost			
At 1 January 2015	-	20,000	20,000
Additions	1,500,000	-	1,500,000
Share loss	(227,184)	-	(227,184)
At 31 December 2015	1,272,816	20,000	1,292,816
Net book value			
At 31 December 2015	1,272,816	20,000	1,292,816
At 31 December 2014	-	20,000	20,000

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Firefly U.S. Holdings Inc.	USA	Ordinary	100 %	Internetworking education and technical training
Firefly Communications LLC	USA	Ordinary	100 %	Dormant
Athena Holdings LLC	USA	Ordinary	100 %	Property management
Firefly Training EMEA Limited	UK	Ordinary	100 %	Internetworking education and technical training
Firefly APAC Pte. Limited	Singapore	Ordinary	100 %	Internetworking education and technical training

Participating interests

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Twigkit Limited	UK	B Ordinary	37%	Development and sale of software products

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies	Investments in associates	Total
	$	$	$
Cost			
At 1 January 2015	4,656,853	-	4,656,853
Additions	-	1,500,000	1,500,000
At 31 December 2015	4,656,853	1,500,000	6,156,853
Net book value			
At 31 December 2015	4,656,853	1,500,000	6,156,853
At 31 December 2014	4,656,853	-	4,656,853

15. Debtors

	Group 2015	Group 2014	Company 2015	Company 2014
	$	$	$	$
Trade debtors	4,113,767	3,441,622	-	-
Amounts owed by group undertakings	-	-	3,457,741	4,768,147
Other debtors	3,641,180	4,769,106	3,153,681	3,070,532
Prepayments and accrued income	294,888	243,330	-	-
	8,049,835	8,454,058	6,611,422	7,838,679

16. Current asset investments

	Group 2015	Group 2014	Company 2015	Company 2014
	$	$	$	$
Listed investments	954,195	194,432	-	-
Unlisted investments	2,395,372	2,463,105	-	-
	3,349,567	2,657,537	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

17. Creditors: Amounts falling due within one year

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Bank loans	3,032,294	3,032,294	-	-
Trade creditors	1,090,354	1,149,696	-	-
Amounts owed to group undertakings	-	-	157,306	94,033
Corporation tax	308,267	82,704	55,195	63,272
Taxation and social security	33,515	72,464	-	-
Other creditors	17,633	-	-	-
Accruals and deferred income	13,517,394	13,272,219	4,173,586	3,052,693
	17,999,457	17,609,377	4,386,087	3,209,998

Bank loans are secured against the group's short-term investments and the group's freehold property.

18. Creditors: Amounts falling due after more than one year

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Share capital treated as debt	12,000,000	12,000,000	12,000,000	12,000,000

Disclosure of the terms and conditions attached to the non-equity shares is made in note 23.

19. Financial instruments

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Financial assets				
Financial assets measured at fair value through profit or loss	2,859,396	3,156,663	-	-
Financial assets that are debt instruments measured at amortised cost	10,150,319	10,673,833	6,611,422	7,838,679
	13,009,715	13,830,496	6,611,422	7,838,679
Financial liabilities				
Financial liabilities measured at amortised cost	(20,430,025)	(19,513,571)	(16,330,892)	(15,146,726)
	(20,430,025)	(19,513,571)	(16,330,892)	(15,146,726)

Financial assets measured at fair value through profit or loss comprise listed shares and mutual funds.

Financial assets measured at amortised cost comprise trade and other receivables arising directly from operations.

Financial liabilities measured at amortised cost comprise: bank loans related to the group's freehold property; trade and other receivables and accruals arising directly from operations; and the principal and unpaid dividends on the Group's preference share capital.

20. Share capital

	2015 $	2014 $
Shares classified as equity		
Allotted, called up and fully paid		
76 A shares of $0.01 each	2	2
24 B shares of $0.01 each	-	-
	2	2

	2015 $	2014 $
Shares classified as debt		
Allotted, called up and fully paid		
12,000,000 Preference shares of $1 each	12,000,000	12,000,000

20. Share capital (continued)

The preference shares shall confer the right to receive, in priority to the holders of the other classes of shares, a fixed cumulative dividend at the rate of 10% per annum on the issue price of the preference shares. The dividend shall accrue on a daily basis and is payable, subject to the Companies Act 2006 ("the Act"), twice a year in arrears on 1 March and 1 September in each year. Where the dividend cannot be paid due to the provisions of the Act the dividend shall be increased from that date until payment by an additional amount calculated at the rate of 3% per annum above the base rate of The Bank of England from time to time, compounded on 1 January and 1 June in each year on the amount unpaid. Dividends other than those on the preference shares may be made by the directors as they see fit. However, a dividend payment on one class of shares shall not give rise to an entitlement on any other class of share.

On a return of capital the surplus assets of the company shall be applied: first in paying any unpaid dividends on the preference shares; second in paying an amount equal to the issue price of the preference shares; third in the payment of any declared but unpaid dividends on the A shares; fourth in paying any declared but unpaid dividends on the B shares; and thereafter the balance will be distributed to the holders of the A and B shares as if they constituted one class of shares.

As regards voting, the holders of the preference shares shall be entitled to notice of and the right to speak at any general meeting, but shall have no voting rights. The A shares and B shares have voting rights in general meeting such that the A shares shall always constitute 80% of the votes and the B shares 20% of the votes.

While there is no mandatory repayment of the preference shares, they have been classified as debt in accordance with the substance of the agreement.

The cumulative unpaid dividend on the Group's preference shares included in accruals is $4,173,586 (2014: $3,052,693). Such amounts can only be paid in accordance with company law on distributable profits.

21. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 $	Group 2014 $
Not later than 1 year	86,173	356,372
Later than 1 year and not later than 5 years	130,192	216,365
	216,365	572,737

22. Related party transactions

A balance of $3,160,000 (2014: $3,160,000) is outstanding in respect of preference shares issued to P Little and included in other debtors. P Little has advanced an amount of $6,319 (2014: $89,469) against this balance.

P Little has provided a bank guarantee against the bank borrowings secured on the group's freehold property.

During the prior year advances totaling $1,357,074 were made to A Usherwood, a director. This was the highest amount outstanding during the current and prior year and was outstanding in full at the start of the year. During the year repayments against this amount were made and at the balance sheet date $427,863 (2014: $1,357,074) is included in other debtors in respect of these advances.

In addition to the directors, certain other employees constitute key management personnel as defined in FRS 102 and the total amount paid to key management personnel, including the directors, was $456,012 (2014: $512,630).

During the year the Group was charged $86,112 (2014: £nil) by Blackstar Investments Ltd, a company controlled by A Usherwood, in respect of director services provided by A Usherwood. The amount outstanding at the year end was £nil (2014: £nil).

23. Post balance sheet events

In March 2016 the company cancelled 1,996,407 preference shares of £1 each in exchange for cancellation of the balance outstanding in relation to their initial issue noted above. The company's preference share liabilities were reduced to $8,929,466 as a result of this cancellation.

24. Controlling party

The company is controlled by P Little.