

Company Registration No. 03935677 (England and Wales)

Frog Education Limited
Annual report and financial statements
for the year ended 30 June 2018

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Frog Education Limited

Company Information

Directors
M J Bushnell
G J Davies
S J Holt
Yeoh P L
Dato Yeoh S H
M L Wilkinson

Company number 03935677

Registered office
3rd Floor D Mill
Dean Clough Mills
Halifax
West Yorkshire
HX3 5AX

Auditor
B M Howarth Ltd
West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB

Bankers
HSBC Bank plc
7 Commercial Street
Halifax
West Yorkshire
HX1 1HN

Frog Education Limited

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Frog Education Limited
Strategic report
for the year ended 30 June 2018

The directors present the strategic report for the year ended 30 June 2018.

Review of the business and principal activities

The company is a wholly owned subsidiary of Frog Education Group Limited.

The principal activities of the company during the year were sales into the education sector, including the winning of a national contract for a European country, and further development of our product suite.

Turnover for the year was £4,225,534 (2017 - £4,264,306) and operating profit was £1,038,559, with a loss of £481,250 in 2017. The move from loss to profit was due to a combination of reduced operational costs, a significantly improved retention rate and improved new business sales.

As a result of the trading results for the year, and movements in working capital, net assets have increased by £510,507 to £3,188,686.

We continue to build our export presence with a significant national contract during the year, and we again expect to announce further major international wins during the course of 2018/19.

Risks and uncertainties

The UK remains a tough trading environment with schools facing increasing financial constraints. This environment affects the group both in terms of winning new customers and retaining existing customers beyond their original contract term.

The company has taken steps to address its cost base and is now focussing on matching the service offering to the customer needs.

Financial instruments

The business monitors its exposure to risk relating to financial instruments through the operational processes deployed to win and execute projects. The objective of the management is to minimise exposure to economic risks as cost effectively as possible.

Currency risk

The company has one major contract outside of the UK which is denominated in GBP and does little business in other currencies; currency risk is not a significant issue in risk management. Contracts that are taken in foreign currency are reviewed on a case by case basis as to whether a hedging contract is required. The management take into consideration the value of the contract, the forecast milestone dates and the volatility of the currency.

Fair value interest risk

The company does not hedge its interest rate risk.

Price risk

The company's activities are primarily labour based and have no critical reliance on external suppliers. Labour is predominantly based local to activities and is therefore not exposed to unusual fluctuations.

Credit risk

The company mainly trades with long standing, public body customers. The nature of these relationships assist management in controlling its credit risk.

Liquidity risk

The company finances its operations through operational cash flows and has access to group treasury resources.

Frog Education Limited
Strategic report (continued)
for the year ended 30 June 2018

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 also plans to investigate and exploit adjacent markets, during the coming years, where its technology may offer a distinct advantage.

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

On behalf of the board

A handwritten signature in black ink, appearing to read 'G J Davies', is written over a horizontal line.

G J Davies

Director

10 September 2018

Frog Education Limited
Directors' report
for the year ended 30 June 2018

The directors present their annual report and financial statements for the year ended 30 June 2018.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M J Bushnell

G J Davies

S J Holt

Lord Sutherland of Houndwood

(Resigned 29 January 2018)

Yeoh P L

Dato Yeoh S H

M L Wilkinson

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £610,177. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

B M Howarth Ltd were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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;
- 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.

Frog Education Limited
Directors' report (continued)
for the year ended 30 June 2018

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



G J Davies

Director

10 September 2018

Frog Education Limited
Independent auditor's report
To the members of Frog Education Limited

Opinion

We have audited the financial statements of Frog Education Limited (the 'company') for the year ended 30 June 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Frog Education Limited

Independent auditor's report (continued) To the members of Frog Education Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

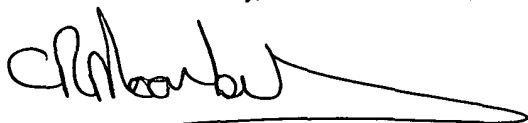
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Charles R Moorby (Senior Statutory Auditor)

for and on behalf of B M Howarth Ltd

Chartered Accountants and

Statutory Auditor

West House

King Cross Road

Halifax

West Yorkshire

HX1 1EB

10 September 2018

Frog Education Limited
Statement of Comprehensive Income
for the year ended 30 June 2018

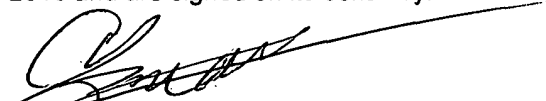
	Notes	2018 £	2017 £
Turnover	2	4,225,534	4,264,306
Cost of sales		(71,737)	(104,073)
Gross profit		4,153,797	4,160,233
Administrative expenses		(3,539,197)	(4,402,112)
Other operating income		65,157	126,508
Exceptional item	3	358,802	(365,879)
Operating profit/(loss)	4	1,038,559	(481,250)
Interest receivable		764	4,662
Interest payable		-	(1,192)
Profit/(loss) before taxation		1,039,323	(477,780)
Tax on profit/(loss)	7	(95,416)	(39,987)
Profit/(loss) for the financial year		943,907	(517,767)

The Income Statement has been prepared on the basis that all operations are continuing operations.

Frog Education Limited
Statement of financial position
as at 30 June 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Negative goodwill	9		(149,611)		(231,219)
Other intangible assets	9		291,866		451,066
Total intangible assets			142,255		219,847
Tangible assets	10		29,177		52,134
Investments	11		16,709		16,709
			188,141		288,690
Current assets					
Debtors falling due after more than one year	13	-		17,357	
Debtors falling due within one year	13	3,720,421		4,071,061	
Cash at bank and in hand		537,419		442,501	
		4,257,840		4,530,919	
Creditors: amounts falling due within one year	14	(1,201,840)		(2,055,727)	
Net current assets			3,056,000		2,475,192
Total assets less current liabilities			3,244,141		2,763,882
Provisions for liabilities	15		(55,455)		(85,703)
Net assets			3,188,686		2,678,179
Capital and reserves					
Called up share capital	17		14,028		14,028
Share premium account			2,296,144		2,296,144
Capital redemption reserve			68		68
Profit and loss reserves			878,446		367,939
Total equity			3,188,686		2,678,179

The financial statements were approved by the board of directors and authorised for issue on 10 September 2018 and are signed on its behalf by:



G J Davies
Director

Company Registration No. 03935677

Frog Education Limited
Statement of changes in equity
for the year ended 30 June 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2016		14,028	2,296,144	68	885,706	3,195,946
Year ended 30 June 2017:						
Loss and total comprehensive income for the year		-	-	-	(517,767)	(517,767)
Balance at 30 June 2017		14,028	2,296,144	68	367,939	2,678,179
Year ended 30 June 2018:						
Profit and total comprehensive income for the year		-	-	-	943,907	943,907
Dividends	8	-	-	-	(610,177)	(610,177)
Prior year adjustment		-	-	-	176,777	176,777
Balance at 30 June 2018		14,028	2,296,144	68	878,446	3,188,686

The prior year adjustment of £176,777 relates to prior year income not previously recognised.

Frog Education Limited
Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21	742,572		(1,504,911)	
Interest paid		-		(1,192)	
Corporation tax paid		(47,972)		(36,072)	
Net cash inflow/(outflow) from operating activities		694,600		(1,542,175)	
Investing activities					
Purchase of tangible fixed assets		(12,269)		(18,947)	
Proceeds on disposal of tangible fixed assets		22,000		170	
Interest received		764		4,662	
Net cash generated from/(used in) investing activities		10,495		(14,115)	
Financing activities					
Dividends paid		(610,177)		-	
Net cash used in financing activities		(610,177)		-	
Net increase/(decrease) in cash and cash equivalents		94,918		(1,556,290)	
Cash and cash equivalents at beginning of year		442,501		1,998,791	
Cash and cash equivalents at end of year		537,419		442,501	

Frog Education Limited
Notes to the financial statements
for the year ended 30 June 2018

1 Accounting policies

Accounting convention

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.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

As at 30 June 2018, the company had cash reserves of £537,419 (2017 - £442,501) and net current assets of £3,056,000 (2017 - £2,475,192). The company is expecting to continue to improve its financial position during the year ended 30 June 2019 and beyond. On the basis of the above, the directors are confident that the company 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.

Turnover

The company 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.

Turnover includes royalty income from the subsidiary company which is recognised on an accruals basis.

Intangible fixed assets - goodwill

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest on 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 acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

1 Accounting policies

(continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	over 5 years straight line
Customer relationships	over 5 years straight line

The directors are amortising the customer relationships over 5 years as they believe that 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 administrative expenses in the income statement.

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 assets is recognised in profit or loss.

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the lease term
Office equipment, furniture and fittings	over 3-7 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

1 Accounting policies

(continued)

Financial instruments

The company 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 in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 company 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

1 Accounting policies

(continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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 fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

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.

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.

Research and development expenditure

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

Exceptional costs

Exceptional costs are material items which derive from events or transactions that fall within the ordinary activities of the company and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence in the financial statements to give a true and fair view.

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

2 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
Education market	2,725,534	2,764,306
Royalty income	1,500,000	1,500,000
	<u>4,225,534</u>	<u>4,264,306</u>
	2018 £	2017 £
Other significant revenue		
Interest income	764	4,662
	<u>764</u>	<u>4,662</u>

3 Exceptional items

	2018 £	2017 £
Exceptional items	(358,802)	365,879
	<u>(358,802)</u>	<u>365,879</u>

The exceptional credit of £358,802 (2017 - £365,879 charge) relates to the reversal of the bad debt provision originally made in 2017.

4 Operating profit/(loss)

	2018 £	2017 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,500	21,000
Depreciation of owned tangible fixed assets	21,000	53,571
Profit on disposal of tangible fixed assets	(7,775)	(170)
Amortisation of intangible assets	(159,200)	(159,200)
Release of negative goodwill	(81,607)	(81,607)
Operating lease charges	141,951	154,328
	<u>141,951</u>	<u>154,328</u>

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Administration	31	42
Development	23	27
	<u>54</u>	<u>69</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,150,608	2,874,687
Social security costs	220,269	295,188
Pension costs	47,512	58,639
	<u>2,418,389</u>	<u>3,228,514</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	404,902	606,354
Company pension contributions to defined contribution schemes	11,562	12,721
	<u>416,464</u>	<u>619,075</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	<u>175,063</u>	<u>220,000</u>

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

7 Taxation

	2018 £	2017 £
Current tax		
Adjustments in respect of prior periods	5,664	(59,196)
Foreign current tax on profits for the current period	120,000	120,000
Total current tax	125,664	60,804
Deferred tax		
Origination and reversal of timing differences	(30,248)	(20,817)
Total tax charge	95,416	39,987

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	1,039,323	(477,780)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	197,471	(94,362)
Tax effect of expenses that are not deductible in determining taxable profit	20,674	20,030
Adjustments in respect of prior years	5,664	(59,196)
Effect of change in corporation tax rate	-	3,726
Other timing differences	(14,101)	-
Foreign income taxed at different rates	97,200	96,299
Movement in deferred tax not provided	(211,492)	73,490
Taxation charge for the year	95,416	39,987

8 Dividends

	2018 £	2017 £
Final paid	610,177	-

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

9 Intangible fixed assets

	Negative goodwill £	Software £	Customer relationships £	Total £
Cost				
At 1 July 2017 and 30 June 2018	(408,034)	497,000	299,000	387,966
Amortisation and impairment				
At 1 July 2017	(176,816)	215,367	129,567	168,118
Amortisation charged for the year	(81,607)	99,400	59,800	77,593
At 30 June 2018	(258,423)	314,767	189,367	245,711
Carrying amount				
At 30 June 2018	(149,611)	182,233	109,633	142,255
At 30 June 2017	(231,219)	281,633	169,433	219,847

10 Tangible fixed assets

	Leasehold improvements £	Office equipment, furniture and fittings £	Total £
Cost			
At 1 July 2017	13,583	304,746	318,329
Additions	-	12,268	12,268
Disposals	-	(59,167)	(59,167)
At 30 June 2018	13,583	257,847	271,430
Depreciation and impairment			
At 1 July 2017	7,676	258,519	266,195
Depreciation charged in the year	1,348	19,652	21,000
Eliminated in respect of disposals	-	(44,942)	(44,942)
At 30 June 2018	9,024	233,229	242,253
Carrying amount			
At 30 June 2018	4,559	24,618	29,177
At 30 June 2017	5,907	46,227	52,134

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

11 Fixed asset investments

	Notes	2018 £	2017 £
Investment in subsidiary	12	16,709	16,709

12 Subsidiary

The company's 100% subsidiary at 30 June 2018 was Frog Education Sdn Bhd, a company incorporated in Malaysia.

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct
Frog Education Sdn Bhd	1	Development of web environmental products	Ordinary	100

Registered Office address/ Country of incorporation:

1 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Building, 55100 Kuala Lumpur, Malaysia/ Malaysia

In the year to 30 June 2018, Frog Education Sdn Bhd achieved a profit of £888,950 and had capital and reserves of £2,313,284.

13 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	526,050	1,102,731
Corporation tax recoverable	51,736	72,028
Amounts owed by group undertakings	2,763,267	2,626,379
Other debtors	33,605	87,280
Prepayments and accrued income	345,763	182,643
	<u>3,720,421</u>	<u>4,071,061</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	-	17,357
	<u>-</u>	<u>17,357</u>
Total debtors	<u>3,720,421</u>	<u>4,088,418</u>

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	132,261	133,170
Amounts due to group undertakings	24,000	-
Corporation tax	-	15,000
Other taxation and social security	187,169	290,068
Other creditors	16,166	10,742
Accruals and deferred income	842,244	1,606,747
	<u>1,201,840</u>	<u>2,055,727</u>

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

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Fair value uplift on intangible assets	<u>55,455</u>	<u>85,703</u>
Movements in the year:		2018 £
Liability at 1 July 2017		85,703
Credit to profit or loss		(30,248)
Liability at 30 June 2018		<u>55,455</u>

16 Retirement benefit schemes

	2018 £	2017 £
Charge to profit or loss	<u>47,512</u>	<u>58,639</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included within accruals is £Nil (2017 - £9,417) of unpaid pension contributions at the year end.

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

17 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
140,280 Ordinary of 10p each	14,028	14,028

Ordinary share rights

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

18 Operating lease commitments

Lessee

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

	2018 £	2017 £
Within one year	136,416	132,906
Between two and five years	297,640	531,066
In over five years	-	32,988
	<u>434,056</u>	<u>696,960</u>

19 Related party transactions

During the year, G Davies, a director, had a loan account in favour of the company. The loan had a maximum balance outstanding of £60,000 (2017 - £60,000) and was unsecured, repayable on demand and not interest bearing. The balance at the year end was £Nil (2017 - £60,000).

During the year the company paid £8,432 (2017 - £8,716) to SH & MW Commercial, a partnership owned by S Holt and M Wilkinson, directors of the company, in respect of rent charges for its Doncaster office. At the year end a balance of £Nil (2017 - £2,057) was owed by the company to SH & MW Commercial.

During the year the company invoiced Trinity Multi Academy Trust, an academy trust in which G Davies is a director, £12,681 (2017 - 12,681). At the year end, the academy trust owed the company £1,245 (2017 - £12,681) which is included within debtors. The balance is unsecured, interest free and repayable on demand.

During the year the company sold rights in connection with licences to Frog Education Sdn Bhd totalling £1,500,000 (2017 - £1,500,000).

At the year end date the company had an outstanding intercompany balance payable to Frog Education Group Limited of £24,000 compared to a receivable amount of £586,178 in 2017. This is due to a dividend declared during the year of £610,177. The amount receivable from Frog Education Sdn Bhd was £2,763,267 (2017 - £2,040,201).

Frog Education Limited

Notes to the financial statements (continued) for the year ended 30 June 2018

20 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 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, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

21 Cash generated from operations

	2018 £	2017 £
Profit/(loss) for the year after tax	943,907	(517,767)
Adjustments for:		
Taxation charged	95,416	39,987
Finance costs	-	1,192
Investment income	(764)	(4,662)
Gain on disposal of tangible fixed assets	(7,775)	(170)
Amortisation and impairment of intangible assets	77,593	77,593
Depreciation and impairment of tangible fixed assets	21,000	53,571
Movements in working capital:		
(Increase)/decrease in stocks	-	2,605
Decrease/(increase) in debtors	452,082	(835,976)
(Decrease) in creditors	(838,887)	(214,919)
(Decrease) in deferred income	-	(106,365)
Cash generated from/(absorbed by) operations	742,572	(1,504,911)

22 Prior year adjustment

The prior year adjustment of £176,777 relates to prior year income not previously recognised.

23 Company information

Frog Education Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor D Mill, Dean Clough Mills, Halifax, West Yorkshire, HX3 5AX.