AEC EDUCATION PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Company No 05174452

CONTENTS

CHAIRMAN'S STATEMENT

Overview

The year under review more or less mirrored the fortunes of the previous year. This can be summarised as follows:

Europe

- Trading in London continued to show a downturn and consequently London suffered a significant loss.
- Ireland again grew substantially and showed an operating profit, albeit, as noted below, this entity has now been sold in July 2016.
- In Cyprus, where the group has a joint venture interest, the market continued to be affected by the impact of the slowing economy in Russia, its main market, but this entity showed a small operating profit allowing our share of the joint venture to break even.

South East Asia/Middle East

- Singapore continued to recover and to gain some ground with its new product initiatives but not sufficiently to avoid an operating loss.
- Malaysia continued to recover strongly through its new market and new product initiatives and showed a good operating profit.

The market in the UK continued to be severely impacted by attitudes towards immigration, the likely terror threat and looking forward there will be increased uncertainty caused by the referendum on the European Union. To offset the impact of this the operation has been downsized and there is a strong focus on more local products and a wider offering to overseas students. The positive signs that begun to show in Malaysia last year continued strongly during the year and lays a firm base for next year. A key development since the year end was that in July 2016, Malvern House Ireland has been sold to enable the revival of London and Singapore to be supported.

During 2015, given the changes in the ongoing structure of the Group, the Board has undertaken an impairment review of the carrying value of its goodwill and intangible assets within the consolidated financial statements and of the investments held within the Plc entity.

Financial results and business review

Group revenues on continuing activities for the year to 31 December 2015 reduced by 5% to £7.7m (2014: £8.1m). The reduction was mainly due to the difficult trading conditions in certain jurisdictions including London. The Group continued with its programme of reducing operating costs during the year by continued focus on implementing effective cost control strategies in all units. Because of this the Group's loss before tax for the year from continuing operations was £1.4m (2014: £1.5m) which includes the impact of impairment charges of £0.9m (2014: £0.4m). If the impact of these impairment charges is excluded, the adjusted group loss before tax and impairment charges is £0.5m (2014: £1.1m).

In evaluating our impairment assessment for goodwill and intangibles across the group we have considered our future plans and growth strategies for both Europe and South East Asia/Middle East, and assumptions on the future opportunities in Singapore regarding obtaining a new license for EduTrust which the group are currently exploring. In addition, we have considered impact of the disposal in July 2016 of Ireland and the future income streams arising from the royalties for which a commitment for one year has been obtained and an assumption has been made regarding renewal for future years.

During 2015 there has been a restatement of the prior year figures, as outlined in note 32, increasing the comparative loss by £0.4m from £1.1m previously reported for 2014 to £1.5m. This adjustment relates to an overstatement of income by £0.4m in 2014 in respect of the UK and Irish entities within the group. The comparative figures presented reflect this restatement.

A summary of performance across the two key operating segments, defined by the two 'sub-groups' of Malvern House Group Limited (Europe) and AEC Colleage Pte Limited (South East Asia/Middle East), can be summarised as follows:

Europe

- The London operation recorded an operating loss of £384k which after finance charges resulted in a loss of £541k. As we have previously reported, our operations in the UK have felt the significant effects of the changing legislation and regulations regarding visas and work permits for overseas students and the negative perception of this overseas continued again during 2015. Adding to this is the continuing threat from terrorism and looking forward there will be increased uncertainty regarding the European Market and the resulting reduced market is very challenging. This has caused our London operation to drop significantly during the year with the result that revenue in our Kings Cross school was down year on year by 26% to £2.4m (2014: £3.3m). This resulted in an operating loss of £384k (2014: profit of £89k). There has been significant investment in restructuring the operation, creating new products and new local market initiatives to find new sources of revenue both from new products and new areas of distribution which should begin to offset the negative effects in the London market during 2016.
- Ireland recorded turnover of £2.9m in 2015 (2014 - £2.1m) and an operating profit of £252k.
- Additionally, our share of the profit from our joint venture in Cyprus was at £1k (2014: £54k), which after central charges, would have resulted in a loss for 2015

South East Asia/Middle East

- The Singapore College recorded an operating loss of £559k (2014: £761k) mainly due to special impairment of assets of £495k (2014: £866k). Excluding impairment, the operating loss was at £65k (2014: profit of £105k). In Asia, our operations in Singapore have started to show small improvements but as yet have been unable to return to profit. The revenue decreased by 77% to £193k (2014: £858k). The loss before tax was at £578k mainly due to impairment of investments of £495k . They have continued to market the new courses for diplomas / advanced diplomas in civil engineering / electrical engineering / mechanical engineering, higher diplomas in accounting and finance and working towards their recently acquired Approved Training Organization(ATO status) through the Singapore Workforce Development Agency which are tailored for the local market through government subsidies. Whilst growth has been slower than expected there are signs that they can return to profit in 2016.
- Malaysia returned an operating profit of £123k (2014: £47K). In Malaysia, revenue increased on the previous year by 19% largely based on local currency due to new product and market initiatives which commenced last year but the exchange rate decline against the British Pound meant it only showed a 8% growth. Revenue increased to £2.2m (2014: £2.0m) and profit before tax was £118k (2014: £42k). The gains in this year have created a strong platform and combined with initiatives that are being taken to create new university partnerships should enable them to continue the revenue and profit growth next year

The initiatives we have taken in Singapore to reduce costs and to focus on the local market have been slower than expected but should allow it to return to profit in 2016. Initiatives continue to be developed to generate revenue from non-traditional sources to improve the results in London.

The basic and diluted loss per share was 2.42p (2014: Loss of 2.18p).

Net cash at the end of the year stood at £0.42m (2014: £0.36m). During the year there was a cash injection of £949K from shareholders by means of an unguaranteed and zero interest loan.

From an AEC Education Plc entity perspective an impairment charge of £1.6m has been made in 2015 in respect of the carrying value of investments.

Dividend
The Board does not propose the payment of a final dividend for the year ended 31 December 2015 (2014: 0.00p per share).

Going concern
The Board has considered the preparation of the financial statements on the basis that the Company and Group are going concerns. The Group has good visibility on the various operations and have identified those operations that have exposure to funding requirements with those that are self-funding based on their ability to generate positive operating cash.

The Group's main source of funds are internally generated funds and shareholder loans which are unsecured and interest-free. Some of these loans will be converted to Capital during 2016, subject to shareholding limitations for conversions. These are further explained in various disclosures within the Annual report.

In making this assessment to prepare the financial statements on a going concern basis, the Board have additionally considered a number of factors including:

- Profit and cash flow projections for the group and its key operating entities based upon their assessment and plans for the operating entities in each of the key jurisdictions
- Evaluation of the working capital requirements of the business and its ability to meet liabilities as and when they fall due
- The proceeds arising from the disposal of Ireland in July 2016
- The agreement reached in July 2016 with certain shareholders to convert certain loans from them into ordinary shares in the company
- Plans for future raising of funds, probably through the issue of equity, to fund the growth and strategic plans for the business

The Directors recognise the need to raise further funding and they believe and anticipate that this will be achieved within the next 12 months. For this reason, they consider it appropriate to prepare the financial statements on the going concern basis but recognise that the reliance on future funding, which is not guaranteed, represents a material uncertainty.

Staff
On behalf of the Board I would like to thank all staff for their hard work and efforts during what has been a very difficult period. Their support as we continue to implement the changes to ensure the Group returns to sustainable profit is very much appreciated by the Board.

Prospects
In summary, 2015 was another difficult year in Singapore as we strived to regain revenue and profitability and the market in the UK remained in turmoil. The Malvern brand is still a major strength in international markets and we continue to pursue options to support further expansion overseas under the Malvern brand. The restructuring of the operations in Singapore and London is now complete and this combined with the return to profit in Malaysia and the continuing investment enabled by the sale of our operations in Ireland creates a platform from which AEC can continue to rebuild group profitability.

Liam Swords
Chairman
Date: 15th August, 2016

STRATEGIC REPORT

Principal Activities
The principal activity of the group is to provide an educational offering that is broad and geared principally towards preparing students to meet the demands of business and management.

The principal activities of the Company are those of investment holding and the provision of educational consultancy services.

There have been no significant changes in the nature of these activities during the year.

Organization Overview
The Group's business is directed by the Board and managed by a senior management team, comprising the Chief Executive, Chief Financial Officer and Senior Executives from each business unit, who are responsible for the Operations, Human Resources and Development.

Strategy and Business Plan
During 2015, an extended amount of the Group's resources were utilized to restructure the operations in London and Singapore and realign the overall Group's business plan to include traditional and non-traditional products and services , including the viability of introducing e-learning structured courses.

We expect to see the results of our efforts to flow through in late 2017 and early 2018 for Singapore and London and much earlier in other units.

We continue to focus on our operations and markets in Malaysia.

In July 2016 we disposed of Ireland but anticipate a future royalty income stream to the group arising from this disposal.

Financial Review
Trading during the year ended 31 December 2015 was another challenging year for the Group.

Our performance across the two key operating segments, defined by the two 'sub-groups' of Malvern House Group Limited (Europe) and AEC Colleage Pte Limited (South East Asia/Middle East), can be summarised as follows:

Europe
- The operation in London reported operating losses for 2015 and are expected to be the only unit to report albeit smaller losses in 2016 as they complete their restructuring.
- The business in Dublin reported a profit for 2015 with a continuing trend in 2016 up to its disposal in July 2016. Thereafter we anticipate a future royalty income
- The Group's share of the operation in Cyprus is about break even.

South East Asia/Middle East
- Our operations in Singapore continues to progress but as yet have been unable to return to profit. Due to circumstances outside the group's control, the revenue decreased significantly. Whilst growth has been slower than expected there are signs that they can return to profit in 2016.
- In local currency terms, the Malaysian operations reported a 19% improvement over 2014 for revenue and continued their profit trend into 2015. In 2016, we expect similar improvements for the Malaysian operations.

The Board is confident that, after the action taken over the last two years, the Group is still well placed to continue its development.

On a Group basis, the loss for the year from continuing activities reduced from £1.5m in 2014 to £1.4m in 2015, this was after incurring impairment charges for goodwill and intangible assets of £0.9m (2014: £0.5m). If the loss for the year from continuing operations is adjusted to exclude impairment charges, the loss would have been £0.5m (2014 £1.1m) .

Whilst sales reduced from £8.1m in 2014 to £7.7m in 2015 the marginally improved trading result was mainly due to better control of operating costs over all units in the Group.

Principal Risks and Uncertainties Facing the Group

There are three main types of risks faced by the Group:

1) Regulatory risks such as changes in government policy on education, work through visa and immigration restrictions, funding changes and continued accreditation;
2) Financial exposures such as credit risk, liquidity risk, unfavourable exchange rate fluctuations and operational cost increases; and
3) Changes to consumer demand and competition.

The Board meets regularly to assess these risks, determine the likelihood of material exposures and formulate strategy to protect the future trading prospects of the Group. A summary of the Board findings on risk is set out below.

The Group is subject to regulatory and other changes which might impact on its ability to operate profitably in certain territories.

Over the last few years, the Group has witnessed regulatory changes and enforcement which have had serious implications to the Group through diminished student enrolments in London and Singapore. The Board is ever mindful of the impact of regulatory changes and regularly assesses the exposures in each territory in which it operates.

With regard to accreditation, the Board is mindful that its partners can potentially withdraw accreditation and ensures that the Group regularly reviews the standards required for each accreditation and maintains professional relationships with the various accrediting bodies. The Board also reviews its options for potential replacements in the event that accreditation is withdrawn by any partner.

The major licences to operate in key territories are perpetual and therefore the risks of loss of accreditation are much lower.

The Group faces financial risks which might impact on its future profitability

The Group’s future operations could potentially be impacted by a number of financial risks. These are reviewed regularly by the Board.

The impact of liquidity and credit risks are monitored but the Group had significant shareholder support with new cash in 2015 and these are considered to be sufficient to protect it during its restructuring phase. The funding by Shareholders (zero interest rates and unsecured) had provided the Group with liquidity to meet liabilities as they fell due.

The Board does monitor options available to the Group to access borrowing facilities. These might be attractive in certain circumstances such as to underpin expansion plans or provide hedges for specific currency risks.

As it is listed on the Alternative Investment Market the company reports in UK Sterling. In 2015, only the operations of Malvern House International Limited are located in the UK and critically had the majority of their income and expenses denominated in Sterling. In the results for the financial period under review, this covers about 32% of the Group’s turnover.

For the majority of the territories that the Group operates in, costs are generally defrayed in the same currency as income and hence there is a natural hedge in the income statement. The Board has considered the net asset exposures arising on conversion at each year end and determined at this time not to hedge these.

The Board remains vigilant regarding exchange rate movements and published information on trends. If the Board concluded that forward buying or selling of a currency or other financial instruments would protect its trading results, then it would sanction hedging but to date has concluded that there is no cost effective financial protection that it can execute and that the risks arising from fluctuations in foreign currency exchange rates are unlikely to be significant. However, its business in Malaysia had been affected for the purposes of Group Consolidation, up to 9% (comparing the average rates in 2014 to 2015). This impact is expected to even out in 2016 when comparing to 2015.

The Group faces competition or commercial changes that may impact on its market share
Given the size of the worldwide market for educational courses and the key centres in which the Group operates, it is not perceived by the Board that there is any abnormal risk from the dominance of competitors.

Due to the percentage of the Group's revenue derived from English language and professional qualifications which are consistently demanded for employment in international businesses, there
is less volatility than for courses which are subject to issues of taste. The Board regularly assesses the portfolio of products available in each territory and its exposure to changes in consumer demands. To date the results of the Board's assessment is that the vast majority of its courses offered globally are not subject to any volatility in consumer tastes and that this stability allows for gradual transition in the event of any changes in consumer requirements.

Also the Group could potentially diversify into new areas of education without any large capital outlay in the event that it finds that demand for any aspect of its current portfolio is being impacted by competition or consumer tastes.

Capital Management

The Company's capital consists wholly of ordinary shares. There are no other categories of shares in issue and the Company does not use any other financial instruments as capital substitutes and quasi capital. The Company manages its issued share capital by considering future capital requirements which are largely dictated by its plans to acquire new companies or assist is subsidiaries in financing expansions in their own businesses.

There are no externally imposed capital requirements on the Company.

Key Performance Indicators

	2015	2014 (Restated)
Revenue	**£7.699.469**	£8,126,722
(Decrease)/growth	**(5%)**	(21%)
Operating loss	**(£1,356,588)**	(£1,507,451)
Loss/profit before Taxation	**(£1,400,336)**	(£1,494,824)
(Loss)/earnings per share	**(2.42 pence)**	(2.18 pence)

William Swords

DIRECTOR
Date: 15th August 2016

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of AEC Education plc (the "Company") for the year ended 31 December 2015.

Annual General Meeting
The Annual General Meeting will be held at 24 Martin Lane, London, EC4R 0DR on Sept 5th , 2016 at 09.00.

Dividends
The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £nil).

Directors
The names of the Directors who held office during the year and to date were:
William Joseph Swords (Chairman)
Ramasamy Jayapal
Gopinath Pillai
Sithawalla Haider Mohamedally
Sabin Joshi
Nadir Ali Zafar (appointed on 14 October 2015)
Ho Peng Cheong (resigned on 1 April 2015)

Director's Interest
The Directors holding office at the end of the financial year and their interests in the share capital of the Company and its related corporations as recorded in the register of directors' shareholdings were as follows:

Name of company and director	At beginning of the year/ At date of appointment	At end of the year
	Shares of £0.05 each	Share of £0.05 each
AEC Education plc		
Direct interests:		
William Joseph Swords (Chairman)	1,000,000	1,000,000
Ramasamy Jayapal	633,131	633,131
Gopinath Pillai	-	-
Sithawalla Haider Mohamedally	-	-
Sabin Joshi	-	-
Nadir Ali Zafar	-	-
Indirect Interests:		
William Joseph Swords (Chairman)	-	-
Ramasamy Jayapal	-	-
Gopinath Pillai	25,000	25,000
Sithawalla Haider Mohamedally	19,000	19,000
Sabin Joshi	-	-
Nadir Ali Zafar	-	-

There were no share options granted to any Directors of the Company.

Indemnity Provision
Directors' and officers' insurance is in place to indemnify the Directors against liabilities arising from the discharge of their duties as directors of the Company.

Substantial Shareholdings

At 05 August 2016 notification had been received of the following holdings of more than 3% of the issued share capital of the Company. Apart from these, the Directors are not aware of any individual interests or group of interests held by persons acting together, which exceeds 3% of the Company's issued share capital.

	Shares of £0.05 each	% (note)
KSP Investments Pte Limited	23,955,037	29.90
C G Corp	23,011,282	28.72
Vidacos Nominees Limited Des:FGN	13,107,294	8.26
TD Direct Investing Nominees (Europe) Ltd Des: SMKTNOMS	2,515,638	3.14

Note: As a percentage of the issued share capital of the Company, comprising 80,130,063 shares.

Controlling Party

There is no controlling party for this Company.

Going Concern

The Board has considered the preparation of the financial statements on the basis that the Company and Group are going concerns. The Group has good visibility on the various operations and have identified those operations that have exposure to funding requirements with those that are self-funding based on their ability to generate positive operating cash.

The Group's main source of funds are internally generated funds and shareholder loans which are unsecured and interest-free. Some of these loans will be converted to Capital during 2016 , subject to shareholding limitations for conversions. These are further explained in various disclosures within the Annual report.

In making this assessment to prepare the financial statements on a going concern basis, the Board have additionally considered a number of factors including:

- Profit and cash flow projections for the group and its key operating entities based upon their assessment and plans for the operating entities in each of the key jurisdictions
- Evaluation of the working capital requirements of the business and its ability to meet liabilities as and when they fall due
- The proceeds arising from the disposal of Ireland in July 2016
- The agreement reached in July 2016 with certain shareholders to convert certain loans from them into ordinary shares in the company
- Plans for future raising of funds, probably through the issue of equity, to fund the growth and strategic plans for the business

The Directors recognise the need to raise further funding and they believe and anticipate that this will be achieved within the next 12 months. For this reason, they consider it appropriate to prepare the financial statements on the going concern basis but recognise that the reliance on future funding, which is not guaranteed, represents a material uncertainty.

Principal risks and uncertainties

A review of the principal risks and uncertainties facing the Group is set out in the section entitled Business and Financial Information contained in the Strategic Report.

Business Review
The review of the business of the Company and its subsidiaries, their principal activities and the description of the principal risks and uncertainties facing the Company and its subsidiaries are set out in the section entitled Strategic Report.

Subsequent Events
The key subsequent events that have arisen are as follows:

- On 9 June 2016 the group has agreed with certain shareholders that loans from them amounting in aggregate to £853,951 shall be converted into ordinary shares in the company.
- On 7 July 2016 the group disposed of one of its subsidiary companies, Malvern House Ireland Limited, in which it had a 55% interest in the share capital. The consideration for the disposal was €660,000 payable in cash on completion. The purchase has also agreed a franchise agreement for one year to June 2017 enabling it to use the Malvern House brand name on payment of a royalty of 2.5% of tuition fee revenue per year. The franchise agreement is renewable on an annual basis.

More details of these material events subsequent to the 31 December 2015 are given in note 31 to the Financial Statements.

Auditor
During 2015 an audit tender process took place and Sawin & Edwards resigned as auditors and Crowe Clark Whitehill LLP were appointed.

The Auditor, Crowe Clark Whitehall LLP, has indicated their willingness to continue in office and a resolution for its re-appointment as auditor of the Company will be submitted to the Annual General Meeting.

Statement of disclosure to the Independent Auditor
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 auditor is 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 auditor is aware of that information.

ON BEHALF OF THE BOARD

William Swords

DIRECTOR
Date: 15th Aug 2016

CORPORATE GOVERNANE

As AEC Education plc is an AIM listed company, it is not required to comply with Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance ("the UK Corporate Governance Code"). However, the Directors do place a high degree of importance on ensuring that high standards of corporate governance are maintained. As a result, many of the relevant principles set out in the UK Corporate Governance Code have been adopted during the year.

Directors

The Group and Company supports the concept of an effective Board leading and controlling the Group and Company. The Board is responsible for approving the Group and Company's policies and strategies. On a timely basis, the Board receives and reviews financial and operating information appropriate to being able to discharge its duties. Directors are free to seek any further information they consider necessary. All directors submit themselves for re-election every three years by rotation in accordance with the Articles of Association. Given the size of the Group and Company, it is not considered appropriate that there should be a separate nominations committee. It is the view of the Board that the appointments of new directors should be a matter of consideration by the Board as a whole. All appointments to the Board are subject to confirmation by shareholders at the following Annual General Meeting.

Audit Committee

The Group and Company has established an audit committee comprised of the Chairman and the three non-executive directors. It is responsible for making recommendations to the Board on the appointment of auditors and the audit fee, is responsible for ensuring that the financial performance of the Group and Company is properly monitored and reported on and receives and reviews reports from management and the auditors relating to the interim statement, the annual report and accounts and the internal control systems of the Group and Company.

Remuneration Committee

The Group and Company has established a remuneration committee comprised of the Chairman and the two non-executive directors. It is responsible for the review and recommendation of the scale and structure of remuneration for key management personnel, including any bonus arrangements or the award of share options. Details of the Directors' emoluments are set out in the financial statements. It is the Group and Company's policy that the remuneration of directors should be commensurate with the services provided by them to the Group and Company, their experience and should be competitive to attract appropriate individuals.

Relations with Shareholders

The Company values the views of its shareholders and recognises their interest in the Company's and Group's strategy and performance. The Board is available to discuss current events with its institutional and private shareholders and positively encourages attendance at general meetings.

Internal Financial Control and Risk Management

The Directors are responsible for the Group and Company's system of internal financial control and for identifying the major business risks faced by the Group and Company. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The Directors have established procedures for planning, budgeting and for monitoring, on a regular basis, the performance of the Group and Company and for determining the appropriate course of action to manage any major business risks. The Board has considered the need for an internal audit function but has decided the size of the Group and Company does not justify it at present. This decision will be reviewed annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and parent Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (as adopted by the EU) and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

a) select suitable accounting policies and then apply them consistently

b) make judgements and accounting estimates that are reasonable and prudent

c) state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements

d) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and parent 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ON BEHALF OF THE BOARD

William Swords

DIRECTOR
Date: 15th Aug 2016

Independent Auditors' Report to the Shareholders of AEC Education plc

We have audited the Group and Parent Company Financial Statements of AEC Education Plc for the year ended 31 December 2015 (the "Financial Statements"), which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Statements of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Statement of Changes in Equity, Parent Company Statement of Cash Flows together with the related notes, numbers 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Group's members, as a body, in accordance with part 3 of Chapter 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 Group'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 under 'Statement of Directors' Responsibilities' on page 13, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for auditors.

Scope of the audit of the Financial Statements

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 Group's and the Parent 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. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors Report and any other surround information 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 misstatement or inconsistencies we consider the implications for our report.

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;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

- the Parent Company Financial Statements have been properly prepared in accordance with the IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the recent trading performance of the group and the net current liability position of the group and company as at 31 December 2015 together with the adequacy of the disclosure made in note 2(iv) 'Basis of preparation' in relation to 'Going Concern'. Notwithstanding the disclosure in note 2(iv) and that the directors believe it is appropriate to produce these accounts on a going concern basis, these conditions highlight a material uncertainty relating to the future outcome of trading performance and plans for future raising of funds, probably through the issue of equity, to find the growth and strategic plans of the business. The financial statements do not include the adjustments that would result if the Fund was unable to continue as a going concern and/or the extension to the Fund was not approved.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Nigel Bostock
Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP
Chartered Accountants
Statutory Auditor

St Brides House
10 Salisbury Square
London
EC4Y 8EH

15th August 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014 (Restated)
		£	£
Revenue			
Sale of services	4	**7,699,469**	8,126,722
Other income	5	**261,467**	457,972
		7,960,936	8,584,694
Cost of services sold		**3,864,736**	5,136,220
Salaries and employees' benefits	6	**1,831,125**	2,059,555
Amortisation of brand, licences and trademarks	14	**165,166**	166,050
Depreciation of plant and equipment	11	**150,016**	203,710
Other operating expenses		**2,405,517**	2,176,610
Impairment of goodwill	15	**404,352**	-
Impairment of intangible assets	14	**495,648**	350,000
Total operating costs and expenses		**9,316,560**	10,092,145
Operating loss		**(1,355,624)**	(1,507,451)
Share of results of associated companies and joint ventures	13	**(965)**	53,829
Finance costs	7	**(43,747)**	(41,202)
Loss before income tax		**(1,400,336)**	(1,494,824)
Income tax charge	9	**(6,996)**	(28,986)
Loss for the year from continuing activities		**(1,407,332)**	(1,523,810)
Profit/(loss) for the year from discontinued activities	33	**-**	282,420
Loss for the year		**(1,407,332)**	(1,241,390)
Attributable to:			
Equity holders of the Company		**(1,525,426)**	(1,158,743)
Non-controlling interest		**118,094**	(82,647)
		(1,407,332)	(1,241,390)

	Note	2015	2014 (Restated)
Loss per share on continuing activities (in pence)	10		
Basic		**(2.42)**	(2.18)
Diluted		**(2.42)**	(2.18)
Profit /(loss) per share on discontinued activities (in pence)	10		
Basic		**0.00**	0.45
Diluted		**0.00**	0.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014 (Restated)
	£	£
Loss for the year	**(1,407,332)**	(1,241,390)
Foreign currency translation movements	**(311,466)**	182,880
Other comprehensive (expense)/income for the year	**(311,466)**	182,880
Total comprehensive income for the year	**(1,718,798)**	(1,058,510)
Attributable to:		
Equity holders of the parent	**(1,857,769)**	(985,686)
Non-controlling interest	**138,971**	(72,824)
Total comprehensive income for the year	**(1,718,798)**	(1,058,510)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015	2014 (Restated)	**2015**	2014
TOTAL ASSETS		**£**	£	**£**	£
Non-Current Assets					
Property, plant and equipment	11	**348,251**	450,042	**-**	-
Investment in subsidiary companies	12	**-**	-	**3,657,585**	5,260,107
Investment in joint ventures	13	**89,675**	97,799	**-**	-
Intangible assets	14	**2,445,611**	3,101,851	**-**	-
Goodwill	15	**1,312**	422,520	**-**	-
Deferred tax asset	9	**17,120**	-	**-**	-
		2,901,969	4,072,212	**3,657,585**	5,260,107
Current Assets					
Inventories	16	**9,142**	6,718	**-**	-
Trade receivables	17	**575,952**	677,573	**41,985**	-
Other receivables and prepayments	18	**804,003**	445,670	**111,022**	5,218
Tax recoverable		**13,020**	51,844	**13,020**	51,844
Amounts due from subsidiary companies		**-**	-	**622,442**	692,752
Amounts due from joint ventures	13	**32,428**	46,684	**-**	41,000
Amounts due from related parties	19	**-**	456	**-**	-
Cash and cash equivalents	20	**416,268**	360,746	**5,235**	14,816
		1,850,813	1,589,691	**793,704**	805,630
Total Assets		**4,752,782**	5,661,903	**4,451,289**	6,065,737

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT 31 DECEMBER 2015

	Note	Group 2015 £	Group 2014 (Restated) £	Company 2015 £	Company 2014 £
EQUITY AND LIABILITIES					
Non-Current Liabilities					
Financial liabilities	25	**7,492**	38,185	**-**	23,000
Deferred taxation liability	9	**3,323**	12,674	**-**	-
		10,815	50,859	**-**	23,000
Current Liabilities					
Trade payables	21	**535,940**	514,951	**-**	35,934
Deferred income	22	**756,282**	1,013,863	**-**	-
Other payables and accruals	23	**1,487,997**	1,140,218	**239,686**	31,638
Amounts due to subsidiary companies		**-**	-	**60,039**	1,243,545
Amounts due to joint ventures	14	**-**	38,673	**-**	-
Amounts due to related parties	24	**1,589,052**	801,358	**1,492,430**	368,079
Financial liabilities	25	**31,383**	39,654	**-**	14,000
Provision for income tax		**18,949**	26,667	**-**	-
		4,419,603	3,575,383	**1,792,155**	1,693,196
Total liabilities		**4,430,418**	3,626,243	**1,792,155**	1,716,196
Equity attributable to equity holders of the Company					
Share capital	26	**5,362,491**	5,362,491	**5,362,491**	5,362,491
Share premium	27 (i)	**896,111**	896,111	**896,111**	896,111
Share based compensation reserve	27 (ii)	**-**	-	**-**	-
Retained earnings	27 (iii)	**(6,964,400)**	(5,444,476)	**(3,599,468)**	(1,909,061)
Translation reserve	27 (iv)	**965,602**	1,297,945	**-**	-
Capital reserve	27 (v)	**170,560**	170,560	**-**	-
		430,364	2,282,631	**2,659,134**	4,349,541
Non-controlling interests		**(108,000)**	(246,971)	**-**	-
Total equity		**322,364**	2,035,660	**2,659,134**	4,349,541
Total Equity and Liabilities		**4,752,782**	5,661,903	**4,451,289**	6,065,737

The financial statements were approved by the Board of Directors on 15 August 2016 and were signed on its behalf by:

William Swords **Chairman**

Company registration number: 0517445

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Share Premium	Share-Based Payment Reserve	Retained Earnings	Translation Reserve	Capital Reserve	Attributable To Equity Holders Of The Company	Non-controlling Interests	Total
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2014	5,362,491	896,111	239,044	(4,524,777)	1,124,888	170,560	3,268,317	(174,147)	3,094,170
Loss for the year (as restated)	-	-	-	(1,158,743)	-	-	(1,158,743)	(82,647)	(1,241,390)
Total other comprehensive income	-	-	-	-	173,057	-	173,057	9,823	182,880
Total comprehensive income for the year	-	-	-	(1,158,743)	173,057	-	(985,686)	(72,824)	(1,058,510)
Share based compensation transfer	-	-	(239,044)	239,044	-	-	-	-	-
Balance at 31 December 2014/ 1 January 2015 (as restated	5,362,491	896,111	-	(5,444,476)	1,297,945	170,560	2,282,631	(246,971)	2,035,660
Loss for the year	-	-	-	(1,525,426)	-	-	(1,525,426)	118,094	(1,407,332)
Total other comprehensive income	-	-	-	-	(332,343)	-	(332,343)	20,877	(311,466)
Total comprehensive income for the year	-	-	-	(1,525,426)	(332,343)	-	(1,857,769)	138,971	(1,718,798)
Unclaimed dividends returned	-	-	-	5,502	-	-	5,502	-	5,502
Balance at 31 December 2015	**5,362,491**	**896,111**	**-**	**(6,964,400)**	**965,602**	**170,560**	**430,364**	**(108,000)**	**322,364**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £ (Restated)
Cash Flows from Operating Activities		
Loss before income tax from continuing activities	**(1,400,336)**	(1,494,824)
Profit/(loss) before income tax from discontinued activities	**-**	282,419
Adjustments for:		
Amortisation of intangible assets	**165,166**	166,050
Depreciation of property, plant and equipment	**150,016**	203,710
Impairment of goodwill	**404,352**	-
Impairment of intangible assets	**495,648**	350,000
Loss on disposal of plant and equipment	**9,920**	170,481
Non-cash elements of profit on discontinued activities	**-**	(52,104)
Interest expense	**43,747**	41,201
Interest income	**-**	(244)
Others	**965**	-
	(130,522)	(387,140)
Changes in working capital:		
Receivables	**(137,221)**	724,582
Payables	**(63,954)**	(1,693,920)
Inventories	**(2,424)**	2,511
Related parties and associated companies	**632,497**	231,777
	298,376	(735,050)
Taxation	**(7,718)**	(4,741)
Net cash used from operating activities	**290,658**	(739,791)
Cash Flows from Investing Activities		
Interest received	**-**	244
Dividends received	**-**	40,303
Purchases of property, plant and equipment	**(90,649)**	(68,254)
Purchase of trademarks and licences	**-**	(14,685)
Net cash used in investing activities	**(90,649)**	(42,392)
Cash Flows from Financing Activities		
Interest paid	**(43,747)**	(41,201)
Repayment of term loan	**(37,204)**	(62,378)
Finance leases	**(38,964)**	(34,939)
Unclaimed dividends returned	**5,502**	-
Net cash generated by/(used in) financing activities	**(114,413)**	(138,518)
Effect of foreign exchange rate changes on consolidation	**(30,074)**	193,236
Net decrease in cash and cash equivalents	**55,522**	(1,114,605)
Cash and cash equivalents at the beginning of the Year	**360,746**	1,475,351
Cash and cash equivalents at the end of the year	**416,268**	360,746

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital £	Share Premium £	Share-based Payment Reserve £	Retained Earnings £	Total of other Reserves £	Total £
Balance at 1 January 2014	5,362,491	896,111	239,044	(1,033,384)	(794,340)	5,464,262
Loss for the year	-	-	-	(1,114,721)	(1,114,721)	(1,114,721)
Total comprehensive income for the year	-	-	-	(1,114,721)	(1,114,721)	(1,114,721)
Share based compensation transfer	-	-	(239,044)	239,044	-	-
Total transactions with owners	-	-	(239,044)	239,044	-	-
Balance at 31 December 2014	5,362,491	896,111	-	(1,909,061)	(1,909,061)	4,349,541
Balance at 1 January 2015	5,362,491	896,111	-	(1,909,061)	(1,909,061)	4,349,541
Loss for the year	-	-	-	(1,695,910)	(1,695,910)	(1,695,910)
Total comprehensive income for the year	-	-	-	(1,695,910)	(1,695,910)	(1,695,910)
Unclaimed Dividends Returned	-	-	-	5,502	5,502	5,502
Total transactions with owners	-	-	-	5,502	5,502	5,502
Balance at 31 December 2015	**5,362,491**	**896,111**	**-**	**(3,599,469)**	**(3,599,468)**	**2,659,134**

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own income statement.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash Outflows from Operating Activities		
Loss before income tax	**(1,695,911)**	(1,114,721)
Adjustments for:		
Interest expense	**14,026**	200
Interest income	**-**	(165)
Impairment of investment in subsidiary	**1,602,522**	500,000
Impairment of investment in joint venture	**-**	122,039
	(79,363)	(492,647)
Change in working capital		
Receivables	**(67,965)**	73,948
Payables	**67,116**	(20,437)
Related parties	**79,155**	(699,048)
Net cash generated used in operations	**(1,057)**	(1,138,184)
Net cash used in operating activities	**(1,057)**	(1,138,184)
Cash Flows from Financing Activities		
Unclaimed dividends returned	**5,502**	-
Net cash used in financing activities	**5,502**	-
Cash Flows from Investing Activities		
Interest expense	**(14,026)**	(200)
Interest income	**-**	165
Acquisition of non-controlling interest	**-**	-
Net cash generated from investing activities	**(14,026)**	(35)
Net increase in cash and cash equivalents	**(9,581)**	(1,138,219)
Cash and cash equivalents at the beginning of the year	**14,816**	1,153,035
Cash and cash equivalents at the end of the year	**5,235**	14,816

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information

AEC Education plc (the "Company") is a public limited liability company incorporated in England and Wales on 8 July 2004. The Company was admitted to AIM on 10 December 2004. Its registered office is Witan Gate House, 500-600 Witan Gate West, Milton Keynes MK9 1SH and its principal place of business is in Singapore. The registration number of the Company is 05174452.

The principal activities of the Company are that of investment holding and provision of educational consultancy services. The principal activity of the group is to provide an educational offering that is broad and geared principally towards preparing students to meet the demands of business and management. The specific principal activities of the subsidiary companies are set out in note 12 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Significant Accounting Policies

(i) Basis of Preparation

These Financial Statements of the Group and Company are prepared on a going concern basis, under the historical cost convention (with the exception of share based payments and goodwill) and in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in accordance with the Companies Act 2006. The Parent Company's Financial Statements have also been prepared in accordance with IFRS and the Companies Act 2006.

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(ii) Basis of consolidation

The Group financial statements consolidate the accounts of AEC Education plc and all of its subsidiary undertakings made up to 31 December 2015. The Consolidated Statement of Comprehensive Income includes the results of all subsidiary undertakings for the period from the date on which control passes. Control is achieved where the Company (or one of its subsidiary undertakings) obtains the power to govern the financial and operating policies of an investee entity so as to derive benefits from its activities.

(iii) Adoption of new and revised International Financial Reporting Standards

No new IFRS standards, amendments or interpretations became effective in 2015 which had a material effect on these Financial Statements.

At the date of approval of these Financial Statements, the directors have considered IFRS Standards and Interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective.

The Group has not early adopted these amended standards and interpretations. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's Financial Statements in the periods of initial application, however, the directors' review of the potential impact of IFRS 15 and IFRS16, has yet to be concluded.

Standards applied
New accounting standards that have become effective for the current year have not had a material impact on the classification or measurement of the Group's assets and liabilities, nor have they resulted in any additional disclosures.

(iv) Going concern
The financial statements have been prepared on a going concern basis under the historical cost convention, except that certain financial instruments are accounted for at fair values. In making this assessment to prepare the financial statements on a going concern basis, the Board have additionally considered a number of factors including:

- Profit and cash flow projections for the group and its key operating entities based upon their assessment and plans for the operating entities in each of the key jurisdictions
- Evaluation of the working capital requirements of the business and its ability to meet liabilities as and when they fall due
- The proceeds arising from the disposal of Ireland in July 2016
- The agreement reached in July 2016 with certain shareholders to convert certain loans from them into ordinary shares in the company
- Plans for future raising of funds, probably through the issue of equity, to fund the growth and strategic plans for the business

The Directors recognise the need to raise further funding and they believe and anticipate that this will be achieved within the next 12 months. For this reason, they consider it appropriate to prepare the financial statements on the going concern basis but recognise that the reliance on future funding, which is not guaranteed, represents a material uncertainty.

(v) Critical Accounting Judgements and Key Sources of Estimation Uncertainty
In the process of applying the Group's accounting policies above, management necessarily make judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The most critical of these accounting judgement and estimation areas are as follows:

Estimated Impairment of Brands, Licences and Trademarks
The Group evaluates whether there is any indication that their brands, licences and trademarks have suffered any impairment, in accordance with their stated accounting policy. The recoverable amount of brands, licences and trademarks is determined from value in use calculations. The key assumptions for the value in use calculation are those regarding expected discounted future cash flows.

Estimated Impairment of Goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with their stated accounting policy. The recoverable amount of goodwill is determined from value in use calculations. The key assumptions for the value in use calculation are those regarding expected discounted future cash flows.

Impairment of Assets other than Brands, Licences, Trademarks and Goodwill
The Group reviews the carrying amounts of assets as at each net asset statement date to determine whether there is any indication of impairment in accordance with their stated accounting policy. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of property, plant and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposal of the asset, requires the Company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

Income Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowance, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Evaluation of deferred income
The Group reviews the fees raised at the end of relevant periods to evaluate those amounts that cover the future provision of education not yet delivered to evaluate the amount of deferred income to be recognised in a future period

(vi) Basis of Combination
Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that they may be a change in any of these elements of control.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the Consolidated Income Statement in the period of acquisition.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

(vii) Subsidiary Company
Investment in subsidiaries is stated in the financial statements of the Company at cost less any provision for impairment losses. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases, using the acquisition method of accounting.

(viii) Joint Ventures
Joint ventures are formal arrangements where the jointly controlling parties have structured their involvement through a distinct vehicle which is responsible for its own contractual arrangements and derives the benefits and meets liabilities of these.

The consolidated financial statements include the Group's share of the total recognised gains and losses of these joint ventures on an equity accounting basis, from the date joint control commences until the date that joint control ceases.

In the Company's net asset statement, investments in joint ventures are stated at cost less any provision for impairment losses. The impairment review compares the net carrying value with the recoverable amount based on the present value of the Group's share of the joint venture's cash flow or its fair market value.

Dividend income from investments in joint ventures is recognised when the shareholders' rights to receive payment have been established.

(ix) Non-controlling Interests

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition.

(x) Functional and Presentational Currency

The consolidated financial statements have been presented with United Kingdom Sterling as the presentational currency, as the Company is incorporated in England and Wales with Sterling denominated shares which are traded on the Alternative Investment Market (AIM).

Items included in the financial statements of each subsidiary of the Group are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The primary functional currencies of Group companies are Singapore Dollars, Euro, Malaysian Ringgit and UK Sterling.

(xi) Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the date of the Statement of Financial Position. Non-monetary assets and liabilities are measured using the exchange rates prevailing at the transaction dates, or in the case of the items carried at fair value, the exchange rates ruling when the values were determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and translation of foreign currency denominated assets and liabilities are recognised in the income statement.

Assets and liabilities of the entities having functional currency other than the presentational currency are translated into sterling equivalents at exchange rates ruling at the net asset statement date. Revenues and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of transactions. All resultant differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement as part of the gain or loss on disposal.

The following rates of exchange have been applied:

	2015	2014
1 Pound Sterling to Singapore Dollar		
Closing rate	**2.114**	2.056
Average rate	**2.100**	2.087
1 Pound Sterling to Malaysian Ringgit		
Closing rate	**6.432**	5.441
Average rate	**5.931**	5.391
1 Pound Sterling to Euro		
Closing rate	**1.379**	1.278
Average rate	**1.377**	1.241

(xii) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation policy, useful lives and residual values are reviewed at least annually, for all asset classes to ensure that the current method is the most appropriate.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance is charged to the income statement. Expenditure for additions, improvements and renewals is capitalised when it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be realised from the use of the items of property, plant and equipment beyond their originally assessed standard of performance.

Depreciation is calculated based on the straight-line method to write off the cost of property, plant and equipment less their estimated residual value over their estimated useful economic lives as follows:

Leasehold property and improvements	-	Over lease term
Classroom and office equipment	-	3 - 10 years
Motor vehicle	-	5 years

Property, plant and equipment held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

Computer systems and software are classified as a tangible fixed asset rather than an intangible asset.

(xiii) Intangible fixed assets

An intangible asset with indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Licence fees with a definite life are amortised using a straight line method over a period of 2 to 5 years. Brands with a definite life are amortised using a straight line method over a period of 25 years.

(xiv) Impairment of tangible and intangible assets excluding goodwill

An assessment is made at each net asset statement date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less costs to sell. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the period in which it arises unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the income statement in the period in which it arises unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation increase.

(xv) Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating sub-groups expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(xvi) Financial assets, loans and receivables

Financial assets

Financial assets are recognised on the net asset statement when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the net asset statement date which are classified as non-current assets. Loans and receivables are presented as trade and other receivables (including amounts due from subsidiaries, associated companies, related companies and related parties), fixed deposits and cash and bank balances on the net asset statement.

At subsequent reporting dates, loan and receivables are measured at amortised cost using the effective interest rate method.

(xvii) Impairment of financial assets

The Group assesses at each net asset statement date whether there is any objective evidence that a financial asset or group of financial assets is impaired and recognise the impairment loss when such evidence exists. Financial assets are carried at amortised cost.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(xviii) Revenue Recognition

Revenue is recognised on the following basis:

- Course fees and examination fees are recognised as income based on classes or examinations conducted during the year.
- Accommodation fees are regognised as income based upon occupancy of act a point in time.
- Publication sales are recognised upon sale of study guides.
- Registration fees are recognised upon approval of respective applications.
- Revenues from support services are recognised when services are rendered.
- All other course fees in respect of courses offered with no obligation to impart lessons are recognised when the students register for the course and collect the study materials.

Deferred income relates to course and accommodation fees received in advance and is recognised in the income statement based on classes conducted and accommodation provided.

(xix) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank deposits with an initial maturity of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(xx) Trade and Other Receivables

Trade and other receivables, which generally have 30 to 90 days terms, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(xxi) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Allowance for impairment is made for obsolete, slow moving and defective stocks.

(xxii) Trade and Other Payables

Trade and other payables, which are normally settled on 30 to 90 days term, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(xxiii) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax movements.
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the net asset statement date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each net asset statement date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates and tax laws that have been enacted or substantially enacted by the net asset statement date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(xxiv) Leases

A finance lease which effectively transfers to the Group substantially all the risks and benefits to ownership of the leased item is capitalised at the lower of the fair value of the leased item and the present value of the minimum lease payments at the inception of the lease term and disclosed as property, plant and equipment. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

A lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items is classified as an operating lease. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Where an incentive to sign the lease has been taken the incentive is spread on a straight line basis over the lease term.

(xxv) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.

(xxvi) Employees' Benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the net asset statement date.

Share-based compensation

The Group operates an equity-settled, share-based payment plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the Income Statement with a corresponding increase in the share based payment reserve over the vesting period.

(xxvii) Intra-group Financial Guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

(xxviii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve.

The costs of issuing new equity are charged against the share premium account.

Where ordinary shares will be issued as part of deferred purchase consideration then:

- where the number of shares to be issued has been fixed, then such deferred consideration will be classified as equity
- where the number of shares to be issued is dependent on certain performance criteria being met, then such deferred consideration will be classified as liability until such time as the number of shares to be issued is determined.

(xxix) Share based payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

The Group issues equity-settled based payments to directors and certain employees of the Group. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

(xxx) Borrowing Costs

Borrowing costs incurred to finance the development of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The capitalised costs are depreciated over the useful life of the property, plant and equipment.

Other borrowing costs, including interest cost and foreign exchange differences, on short term borrowings are recognised on a time-apportioned basis in the income statement using the effective interest method.

(xxxi) Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segmental results are reported to the Board and include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

3. Segmental Information

All revenue and profit before taxation arises from operations in the education sector. Reportable segments are based on the geographical area where operations are based comprising Europe (UK, Ireland and Cyprus) and South East Asia/Middle East (Malaysia and Singapore). These segments represent the respective sub-groups of Malvern House Group Limited (Europe) and AEC Colleage Pte Limited (South East Asia/Middle East).

The segmental analysis is as follows:

	Europe	**South East Asia/Middle East**	**Total**
2015	**£**	**£**	**£**
Revenue from external customers	**5,352,035**	**2,347,434**	**7,699,469**
Depreciation, write offs and amortisation	**(1,092,797)**	**(122,384)**	**(1,215,181)**
Loss before taxation	**(1,293,465)**	**(106,871)**	**(1,400,336)**
Taxation charge	**16,050**	**(23,046)**	**(6,996)**
Profit on discontinued activities	**-**	**-**	**-**
Loss for the year	**(1,277,415)**	**(129,917)**	**(1,407,332)**
Segmental assets	**1,988,438**	**2,764,344**	**4,752,782**
Segmental liabilities	**(3,178,018)**	**(1,252,400)**	**(4,430,418)**
Additions to non-current assets	**17,120**	**-**	**17,120**
2014 (Restated)			
Revenue from external customers	5,267,983	3,313,711	8,584,693
Depreciation, write offs and amortisation	(182,036)	(537,724)	(719,760)
Loss before taxation	(444,326)	(1,050,498)	(1,494.824)
Taxation charge	(4,685)	(24,301)	(28,986)
Profit on discontinued activities	76,313	206,106	282,419
Loss for the year	(372,697)	(868,693)	(1,241,391)
Segmental assets	3,706,133	1,955,770	5,661,903
Segmental liabilities	(4,906,914)	1,334,671	(3,626,242)
Additions to non-current assets	38,970	43,969	82,939

Note that the Segmental liabilities figure for South East Asia and the Middle East is shown as a net asset due to the treatment of the amount due from Europe to South East Asia for funding being shown as a liability in the former and an asset in the latter.

4. Sale of Services

	Group	
	2015	2014
	£	£
Course fees	**5,902,031**	6,426,855
Accommodation fees	**1,542,070**	1,540,854
Application fees, registration and examination fees	**106,148**	54,079
Training fees and other sales	**149,220**	104,934
	7,699,469	8,126,722

5. Other Income

	Group 2015 £	2014 £
Legal Settlement	**150,000**	-
Interest income	**121**	244
Rental and related income	**20,707**	161,752
Miscellaneous income	**90,639**	295,976
	261,467	457,972

6. Salaries and Employees' Benefits

	Group 2015 £	2014 £
Staff salaries and related costs	**2,244,712**	2,702,642
Social security costs – staff	**367,808**	218,368
Directors' remuneration	**84,366**	10,059
Directors' fees	**90,712**	61,337
Social security costs – directors	**217**	469
Others	**10,368**	8,605
	2,798,182	3,001,480
Less : reported as cost of services sold	**(967,057)**	(941,925)
	1,831,125	2,059,555

Highest paid director		
Remuneration and benefits	**48,000**	48,000
	48,000	48,000

Average number of employees	**Number**	Number
Lecturers	**64**	45
Marketing staff	**22**	28
Operational and administration staff	**73**	77
	159	150

The average number of employees is calculated based on the number of full or part time employees on the payroll each month. In the years ended 31 December 2014 and 31 December 2015 no pension payments were paid or accrued.

7. Finance Costs

	Group 2015 £	2014 £
Interest payable to related parties	**20,715**	30,889
Interest on finance leases	**527**	5,268
Bank overdraft	**-**	1,705
Other Charges	**22,506**	3,339
	43,748	41,201

8. Operating Loss

Operating Loss is stated after charging/(crediting):	Group 2015 £	Group 2014 £
Auditors' remuneration:		
- Fees payable to the Company's auditors* for statutory audit	**29,000**	29,000
- Fees payable to the Company's auditors** for statutory audit of subsidiary company	**39,566**	9,000
- (Over)/under provision of fees payable to the Company's auditors for statutory audit in prior year	**5,000**	(6,841)
- Fees payable to the other auditors for statutory audits	**3,410**	20,160
- Fees payable to the other auditors for taxation services	**1,375**	1,489
	78,350	52,808
Exchange loss/(gain)	**(157,732)**	2,178
Impairment for trade receivables charge	**23,213**	98,163
Office and equipment rental	**974,519**	839,693

* the fees for 2015 relate to Crowe Clark Whitehill LLP, the fees for 2014 relate to the predecessor auditor
** the fees for 2015 include member firms within the same global network as Crowe Clark Whitehill LLP

9. Income Tax

Tax credit/(expense) attributable to the results is made up of:

	Group 2015 £	Group 2014 £
Current income tax	**(33,258)**	(38,163)
Adjustments in respect of previous years:		
Current income tax	**1,075**	-
Current year tax	**(32,183)**	(38,163)
Deferred taxation	**25,187**	9,177
	(6,996)	(28,986)

The reconciliation of the current year tax expense and the product of accounting profit multiplied by the Singapore (where the group company is resident) statutory tax rate is as follows:

	Group 2015 £	2015 %	2014 (restated) £	2014 (restated) %
Loss before income tax	**(1,400,336)**		(1,101,349)	
Income tax at the statutory rate of 17%	**238,057**	**17.0**	187,229	17.0
Effect of different tax rate in foreign Jurisdictions	**-**	**0.0**	-	0.0
Non-deductible income and expenses	**(254,749)**	**(18.2)**	(79,857)	(7.3)
Singapore statutory stepped income Exemption	**30,189**	**2.2**	16,552	1.5
Adjustments of income tax in respect of prior years	**(28,141)**	**(2.0)**	(1,863)	(0.2)
Deferred tax asset not recognised	**12,300**	**0.1**	(161,970)	(14.7)
(Over)/under-provision for prior year deferred tax	**-**	**0.0**	-	0.0
Other effects not separately identified	**(4,652)**	**(0.3)**	10,923	1.0
	(6,996)	**(0.5)**	(28,986)	(2.6)

The Group's income tax liability is subject to agreement by the tax authorities of the respective countries in which the companies in the Group operate.

Temporary differences arising from investment in subsidiary and associated companies are considered to be insignificant to the Group.

	Group	
	2015	2014
	£	£
Composition of deferred taxation:		
On the excess of the net book value over tax written down value of plant and equipment	**13,797**	(12,674)
Analysis of provision for deferred taxation:		
Balance at the beginning of the year	**(12,674)**	(22,275)
Deferred taxation for the year	**25,187**	9,177
Currency realignment	**1,284**	424
Balance at the end of the year	**13,797**	(12,674)
Deferred tax asset	**17,120**	-
Deferred tax liability	**(3,323)**	(12,674)
Balance at the end of the year	**13,797**	(12,674)

The amount of temporary differences for which no deferred tax asset has been recognised in the Statements of Financial Position is as follows:

	Group	
	2015	2014 Restated
	£	£
Unutilised capital allowance c/f	**297,691**	413,474
Unutilised tax losses	**3,200,016**	2,879,916
	3,497,706	3,293,390

Deferred tax assets have not been recognised in respect of some subsidiaries' tax losses as it is not sufficiently certain that taxable profit will be available against which these available tax losses can be utilised in the future. The utilisation of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operate. Subject to those constraints, it is believed that these tax losses above can be carried forward indefinitely although their use depends on future profitability in each jurisdiction.

There are no temporary timing differences in respect of the company.

10. Earnings/(Loss) Per Share

The basic and diluted earnings/(loss) per share on continuing activities was based on the loss attributable to shareholders of £1,525,426 (2014: restated loss of £1,241,391) and the weighted average number of ordinary shares in issue during the year of 63,051,043 shares (2014: 63,051,043 shares).

The basic and diluted earnings/(loss) per share on discontinued activities was based on the profit attributable to shareholders of £0 (2014: £282,419) and the weighted average number of ordinary shares in issue during the year of 63,051,043 shares (2014: 63,051,043 shares).

By 31 December 2014, all previously issued options had lapsed . There were no outstanding options in 2015.

11. Property, Plant and Equipment

	Leasehold property and improvements	Classroom and office equipment	Motor Vehicle	Total
	£	£	£	£
Group				
Cost				
As at 1 January 2014	917,388	2,279,538	-	3,196,926
Additions	3,877	52,277	12,100	68,254
Disposals	(376,890)	(385,145)	-	(762,035)
Exchange differences	(7,002)	1,027	(110)	(6,085)
As at 31 December 2014/ 1 January 2015	537,373	1,947,697	11,990	2,497,060
Additions	8,117	82,532		90,649
Disposals	-	(9,920)	-	(9,920)
Exchange differences	(6,840)	(25,505)	(158)	(32,503)
As at 31 December 2015	**538,650**	**1,994,804**	**11,832**	**2,545,286**
Accumulated depreciation				
As at 1 January 2014	628,698	1,805,195	-	2,433,893
Charge for the year	81,394	122,316	-	203,710
Disposals	(301,716)	(289,838)	-	(591,554)
Exchange differences	(1,462)	2,431		969
As at 31 December 2014/ 1 January 2015	406,914	1,640,104	-	2,047,018
Charge for the year	48,774	99,041	2,201	150,016
Disposals	-	-	-	-
Exchange differences	-	-	-	-
As at 31 December 2015	**455,688**	**1,739,145**	**2,201**	**2,197,034**
Net book value				
At 31 December 2015	**82,962**	**255,658**	**9,631**	**348,251**
At 31 December 2014	130,460	307,590	11,991	450,042

At the net asset statement date, the Group held computers, classroom and office equipment, and a motor vehicle under finance lease and hire purchase agreements. These are included in the tables of property, plant and equipment above and summarised as follows:

	Additions	Depreciation	Net book value
2015	£	£	£
Classroom and office equipment	**-**	**19,793**	**54,521**
Motor vehicle		**2,706**	**7,442**
	-	**22,499**	**61,963**
2014	£	£	£
Classroom and office equipment	-	19,793	74,314
Motor vehicle	12,100	-	11,990
	12,100	19,793	86,304

12. Investment in Subsidiary Companies

	Company 2015 £	2014 £
Investment in subsidiaries		
Unquoted equity shares, at cost		
As at the beginning of the year	**6,360,107**	6,360,107
As at the end of the year	**6,360,107**	6,360,107
Provision against the cost of investment in subsidiaries		
As at the beginning of the year	**1,100,000**	600,000
Impairment charge	**1,602,522**	500,000
As at the end of the year	**2,702,522**	1,100,000
Net book value at the end of the year	**3,657,585**	5,260,107

During the year ended 31 December 2015 in addition to the annual charge for amortising the Malvern House Brand, an additional charge has been made for a permanent impairment of the carrying value due to adverse trading issues in London. The Directors again considered the implications and determined that it is appropriate to provide £1,525,000 against the cost of the investment in Malvern House Group Limited. In addition, further impairment charges of £36,825, £37,000 and £3,697 were made for AEC Bilingual Pte Ltd, AEC College and Brainbox Pte Ltd respectively.

AEC College Pte Ltd., Malvern House Group Limited, AEC Bilingual Pte Ltd and Malvern Language Academy Pte Ltd are the Company's immediate subsidiaries. The details of the principal subsidiary companies of AEC College Pte Ltd and Malvern House Group Limited as at 31 December 2014 are as follows:

Malvern House Group Limited:

- Malvern House International Limited ,UK -100%
- Malvern House Ireland-55%.

AEC College Pte Ltd:

- AEC Edutech Sdn Bhd (Malaysia)-100%
- IMS Professional Training Services (Malaysia)-100%
- Kasturi Management Consultancy (Malaysia)-100%

13. Investment in Joint Ventures

	Group	
	2015	2014
	£	£
Enterintel Investments Ltd	**89,675**	97,799
	89,675	97,799

Malvern House Group Limited, through its wholly owned subsidiary, Lastsay Investments Ltd owns a 50% joint venture, Enterintel Investments Ltd, in Cyprus. The other 50% is owned by Fairmind Enterprises Ltd and there is no controlling party. Enterintel Investments Ltd provides English language courses for adults and children.

At 31 December 2015, the Group's investment of £89,675 represents the 50% interest in Enterintel Investments and is summarised as follows. There was no impairment provision.

Summarised financial information in respect of the Group's interest in Enterintel:

	Group	
	2015	2014
	£	£
Unquoted shares, at the beginning and at the end of the year, at cost	**-**	-
Share of net post-acquisition reserves:		
Balance at the beginning of the year	**97,779**	95,128
Share of (loss)/profits for the year	**(965)**	53,829
Share of tax on profits for the year	**-**	(4,685)
Profit distribution	**-**	(40,303)
Exchange differences	**(7,159)**	(6,170)
Balance at the end of the year	**89,675**	97,799
Investment in joint venture	**89,675**	97,779

Summarised financial information in respect of the Group's interest in Enterintel Investments Ltd is set out below:

	2015	2014
	£	£
Total assets	**43,493**	209,994
Total liabilities	**(6,279)**	(44,396)
Net assets	**37,214**	195,598
Revenue	599,014	1,135,496
Profit for the year	1,926	107,657

At 31 December 2015, Enterintel Investments Ltd owed other Group companies £32,428 (2014: £5,188). At 31 December 2014 Global Institute for Management and Technology, LLC, a previous joint venture investment also owed other Group companies £41,496 of which £41,000 was due to the Company.

14. Intangible Assets

Intangible assets are summarised as follows:

	Licences	Brands	Trademarks	Total
	£	£	£	£
Group 2015				
Cost				
As at 1 January 2014	853,573	3,750,000	22,579	4,626,152
Additions	14,685	-	-	14,685
Exchange differences	(252)	-	-	(252)
As at 31 December 2014/ 1 January 2015	868,006	3,750,000	22,579	4,640,585
Additions	-	-	-	-
Exchange differences	-	-	-	-
As at 31 December 2015	**868,006**	**3,750,000**	**22,579**	**4,640,585**
Accumulated amortisation				
As at 1 January 2014	108,659	900,000	14,243	1,022,902
Charge for the year – continuing activities	12,430	150,000	3,620	166,050
Charge for impairment – continuing activities	-	350,000	-	350,000
Exchange differences	(218)	-	-	(218)
As at 31 December 2014/ 1 January 2015	120,871	1,400,000	17,863	1,538,734
Charge for the year – continuing activities	10,450	150,000	4,716	165,166
Charge for impairment – continuing activities		495,648	-	495,648
Exchange differences	(4,574)	-	-	(4,574)
As at 31 December 2015	**126,747**	**2,045,648**	**22,579**	**2,194,974**
Net book value				
At 31 December 2015	**741,259**	**1,704,352**	**-**	**2,445,611**
Analysed as follows:				
Indefinite life	**734,046**	**-**	**-**	**734,046**
Definite life	**7,213**	**1,704,352**	**-**	**1,711,565**
	741,259	**1,704,352**	**-**	**2,445,611**
Net book value				
At 31 December 2014	747,135	2,350,000	4,716	3,101,851
Analysed as follows:				
Indefinite life	734,046	-	-	734,046
Definite life	13,089	2,350,000	4,716	2,367,805
	747,135	2,350,000	4,716	3,101,851

Licences

At 31 December 2015, the licences purchased by the subsidiary, Smart Eduprocess Group Sdn Bhd, permit the Group to provide professional and academic courses in Malaysia for an indefinite period. The capitalised licence fees that are regarded as having indefinite useful economic lives, are not amortised but would be reviewed as part of the yearly impairment testing. These calculations are performed annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. The value in use calculations are based on discounted forecast cash flows over a maximum period of five years as envisaged by IAS 36 – Impairment of intangible assets.

Brands

At 31 December 2015, the Group's principal acquired brand, Malvern House was regarded as having a remaining definite useful economic life of 21 years. This brand was acquired and fair valued when the Group acquired 100% of the issued share capital of Malvern House Group Limited in July 2009. The Malvern House brand is protected by trademarks, which are renewable indefinitely, in all of the major markets where it has schools. There is an annual amortisation charge for the Malvern House brand made in accordance with the stated accounting policy. In addition, the Board also reviewed all ongoing cash generating units in accordance with the detailed procedures set out later in this note and concluded that a further impairment of £495,648 is required for 2015 in respect of the Malvern House Brand for Europe.

Trademarks

At 31 December 2015, the Group's trademarks were all considered to have fixed lives for accounting purposes although would be renewable when they expire.
Impairment reviews

Impairment reviews

The discount rates used are calculated based on the Group's weighted average cost of capital with appropriate adjustment to reflect the Group's assessment of the specific risks relating to the relevant market or region. The Group's weighted average cost of capital is calculated 10.8% (2014: 7.0%).

15. Goodwill

	Group	
	2015	2014
	£	£
Cost		
Balance as at the beginning of the year	**422,520**	420,324
Impairment of goodwill	**(404,352)**	-
Exchange differences	**(16,856)**	2,196
Balance as at the end of the year	**1,312**	422,520

Goodwill has arisen on acquisitions by the Group. Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to business result and country of operation presented below:

	Group	
	2015	2014
	£	£
Education		
United Kingdom	**-**	404,352
Singapore/Malaysia	**1,312**	18,168
	1,312	422,520

To ensure that goodwill on acquisitions is not carried at above its recoverable amount, impairment reviews are performed comparing the net carrying value with the recoverable amount using value in use calculations. The methodology followed is similar to that explained in Note: 14. The goodwill now carried in the Group's accounts in respect of operations in the Far East is no longer material to the accounts and a detailed review has not been preformed.

16. Inventories

	Group	
	2015	2014
	£	£
Publications and books	**9,142**	6,718

17. Trade Receivables

	Group 2015 £	2014 £
Trade receivables	**575,952**	677,573
Trade receivables are denominated in the following currencies:		
Singapore Dollar	**38,852**	33,183
Pound Sterling	**48,013**	62,209
Malaysian Ringgit	**340,415**	551,095
Euro	**106,687**	31,086
Other	**41,985**	-
	575,952	677,573

The age analysis of trade receivables is as follows:

	Group 2015 £	2014 £
Not past due and not impaired	**257,841**	56,524
Past due but not impaired		
- Past due 0 to 3 months	**133,655**	403,482
- Past due 3 to 6 months	**79,277**	152,036
- Past due over 6 months	**105,179**	65,531
	318,111	621,049
Impaired trade receivables	**192,910**	210,600
Less: Allowances for impairment loss	**(192,910)**	(210,600)
	-	-
Total	**575,952**	677,573

As required by IFRS 7 on disclosure of Financial Instruments a reconciliation of changes in the record of impairments of receivables is provided below.

	Group 2015 £	2014 £
Allowance for impairment loss		
Balance at the beginning of the year	**210,600**	547,965
Allowance made during the year - continuing operations	**23,213**	94,474
Allowance written-off during the year	**(40,753)**	(435,775)
Currency realignment	**(150)**	3,936
Balance as at the end of the year	**192,910**	210,600

18. Other Receivables and Prepayments

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Deposits	**226,873**	156,402	**-**	-
Prepayments	**504,180**	179,925	**111,022**	5,218
Staff loan	**-**	-	**-**	-
Others	**72,950**	109,343	**-**	-
	804,003	445,670	**111,022**	5,218

19. Due from Related Parties

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Due from related parties				
Non-trade	**-**	456	**-**	-
	-	456	**-**	-

Balances with related parties are denominated in the following currencies:

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Due from related parties				
Savant Infocomm Pte Ltd	**-**	193	**-**	-
Savant Infotech Solutions P	**-**	248	**-**	-
Playware Studios Asia Pte Ltd	**-**	15	**-**	-
	-	456	**-**	-

20. Cash and Cash Equivalents

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Cash at bank and in hand	**416,268**	193,216	**5,235**	14,816
Fixed deposits with bank	**-**	167,530	**-**	-
Cash and cash equivalents	**416,268**	360,746	**5,235**	14,816

Cash and cash equivalents are denominated in the following currencies:

Singapore Dollar	**71,472**	30,512	**-**	-
Pound Sterling	**145,326**	266,967	**5,235**	14,816
Malaysian Ringgit	**141,133**	6,540	**-**	-
Euro	**58,337**	56,192	**-**	-
Other	**-**	535	**-**	
	416,268	360,746	**5,235**	14,816

21. Trade Payables

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Trade payables balances are denominated in the following currencies:				
Singapore Dollar	**27,231**	36,833	**-**	-
Pound Sterling	**349,381**	292,411	**-**	35,934
Malaysian Ringgit	**80,344**	94,644	**-**	-
Euro	**78,984**	91,063	**-**	-
	535,940	514,951	**-**	35,934

22. Deferred Income

Deferred income relates to course fees received in advance and recognised in the income statement based on classes and examinations conducted

	Group	
	2015	2014
Deferred income is denominated in the following currency:	**£**	£
Pound Sterling	**178,214**	380,925
Euro	**578,068**	632,938
	756,282	1,013,863

23. Other Payables and Accruals

	Group		Company	
	2015	2014 (Restated)	**2015**	2014
	£	£	**£**	£
Other payables	**906,457**	348,772	**192,291**	-
Accrued expenses	**581,540**	791,446	**47,395**	31,638
	1,487,997	1,140,218	**239,686**	31,638

24. Due to Related Parties

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Due to related parties				
Non-trade	**1,589,052**	801,358	**1,492,430**	368,079

Balances with related parties are denominated in the following currencies:

Due to related parties				
Singapore Dollars	**57,720**	433,280	**-**	-
Pound Sterling	**1,492,430**	368,078	**1,492,430**	368,079
Euro	**38,902**	-	**-**	-
	1,589,052	801,358	**1,492,430**	368,079

During the year KSP Investments Pte Ltd, a company of which two of the Directors are also shareholders, advanced loans to the Group totalling £948,792. In addition, C G Corp has previously loaned £200,000 plus interest accrued of £7,951. All the loans are currently unsecured and interest free. All amounts due to related parties are unsecured, interest-free and due within the next twelve months.

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Due to related parties				
Directors of the Company	**-**	105,204	**-**	68,000
KSP Investments Pte Ltd	**1,342,199**	464,879	**1,284,479**	100,079
C G Corp	**207,951**	200,000	**207,951**	200,000
Windmill International Pte Ltd	**-**	31,275	**-**	-
Others	**38,902**			
	1,589,052	801,358	**1,492,430**	368,079

As outlined in note 30 on 9 June 2016 it was announced that the company has agreed with certain shareholders that loans from them amounting in aggregate to £853,951 shall be converted into ordinary shares in the company at a value of 6 pence per share. The company has agreed that £646,000 of its outstanding balance with KSP Investments Pte Limited and £207,951 being the remainder of its outstanding loan balance with CG Corp will be converted into ordinary shares in the Company at a price of 5p per share.

25. Financial Liabilities

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Non-current liabilities				
Finance lease obligations	**7,492**	38,185	**-**	-
Term loan	**-**	-	**-**	-
Intra-group financial guarantee	**-**	-	**-**	23,000
	7,492	38,185	**-**	23,000
Current liabilities				
Finance lease obligations	**31,383**	39,654	**-**	-
Term loan	**-**	-	**-**	-
Intra-group financial guarantee	**-**	-	**-**	14,000
	31,383	39,654	**-**	14,000
	38,875	77,839	**-**	37,000

Finance Lease Obligations

At 31 December 2015, the Group has no material lease obligations under finance leases that are payable :

Term Loan
At 31 December 2015, the Group has no obligations under any term loan agreement.

Intra-group financial guarantee
There are no intra-group financial guarantee in the books of the Company and Group.

26. Share Capital

	Allotted, called up and fully paid				
	No of ordinary shares	Nominal value ordinary shares	No of deferred shares	Nominal value deferred shares	Nominal value All shares
At 31 December 2015 5p ordinary shares and 5p deferred shares	**63,051,043**	**3,152,552**	**44,198,781**	**2,209,939**	**5,362,491**
At 31 December 2014 5p ordinary shares and 5p deferred shares	63,051,043	3,152,552	44,198,781	2,209,939	5,362,491

27. Reserves

The Company has the following types of reserves:

(i) Share premium reserve

	Company	
	2015	2014
	£	£
Balance as at the beginning of the year	**896,111**	896,111
Issue of new shares	**-**	-
Balance as at the end of the year	**896,111**	896,111

The share premium reserve arises where shares have been issued at a price in excess of the nominal value of 5p (formerly 10p until the division of the shares) less any costs of the issue.

(ii) Share based compensation reserve

	Company	
	2015	2014
	£	£
Balance as at the beginning of the year	**-**	239,044
Transfer from share based compensation reserve in respect of lapsed options	**-**	(239,044)
Balance as at the end of the year	**-**	-

There are new share options issued to any member of the Company.

The share based payment reserve relates to share options granted to directors, staff and certain professional advisors. The share options vested on grant and are capable of being exercised at any time between the date of grant and the expiry date, except where they lapse following the grantee ceasing to be a director, employee or advisor. The reserve is created in accordance with prevailing accounting standards to reflect the fair value of the options. During year ended 31 December 2014, an amount of £239,044 was released from the share based compensation reserve.

(iii) Retained earnings

	Group		Company	
	2015	2014 (Restated)	**2015**	2014
	£	£	**£**	£
At the beginning of the year	**(5,444,476)**	(4,524,777)	**(1,909,061)**	(1,033,384)
Loss for the year	**(1,525,426)**	(1,158,743)	**(1,695,910)**	(1,114,721)
Credited from share based compensation reserve in respect of lapsed options	**-**	239,044	**-**	239,044
Unclaimed dividends returned	**5,502**	-	**5,502**	-
At the end of the year	**(6,964,400)**	(5,444,476)	**(3,599,468)**	(1,909,061)

Retained earnings represent the accumulated surplus or deficit of distributable reserves.

(iv) Translation reserve

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
At the beginning of the year	**1,297,945**	1,124,888	-	-
Currency translation differences	**(332,343)**	173,057	-	-
At the end of the year	**965,602**	1,297,945	-	-

The translation reserve arises from translation differences arising from converting subsidiary operations' consolidated income statements and statements of financial positions at the prevailing rates of exchange.

(v) Capital reserve

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
At the beginning of the year	**170,560**	170,560	**-**	-
Movement	**-**	-	**-**	-
At the end of the year	**170,560**	170,560	**-**	-

The capital reserve arose on the merger of the Company, then AEC Plc, and AEC Edu Group Pte Limited in 2004.

28. Related Party Transactions

In addition to the related party information disclosed in notes 20 and 25, there were the following significant transactions of income/(expenses) with related parties on terms agreed between the parties:

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
With Subsidiaries:				
Malvern House International Ltd				
Consultancy fee charged/(reversed)	**-**	-	**-**	(254,100)
Interest Costs	**135,806**			
AEC Billingual Pte Ltd				
Management fees	**-**	-	**26,667**	26,122
With a related party with common directors: Wilso Consulting Ltd	**(72,000)**	(72,000)	**-**	-

	Group	
	2015	2014
	£	£
Key management personnel		
Directors' remuneration:		
- Salaries and bonuses	**90,712**	10,066
- Directors' fees	**84,583**	58,000
	175,295	68,066

Analysis of directors' fees and emoluments:

	Salary & bonus	**Fees**	**Total**
	£	**£**	**£**
2015			
William Swords	**-**	**48,000**	**48,000**
Ramasamy Jayapal	**45,712**	**10,000**	**55,712**
Gopinath Pillai	**-**	**10,000**	**10,000**
Haider Sithawalla	**45,000**	**6,583**	**51,583**
Sabin Joshi	**-**	**10,000**	**10,000**
Total	**90,712**	**84,583**	**175,295**
2014			
William Swords	-	48,000	48,000
Ramasamy Jayapal	-	5,000	5,000
Gopinath Pillai	-	5,000	5,000
Ho Peng Cheong		-	-
Haider Sithawalla	10,066	-	10,066
Total	10,066	58,000	68,066

In addition, during the year, a total of £72,000 (2014: £72,000) was paid to Willso Consulting Ltd for the services of Mr William Swords.

29. Operating Lease Commitments

The Group has various operating lease agreements for equipment, offices and school facilities. Most leases contain renewal options. The Group also has operating leases for some premises for periods of up to 15 years and are renewable under such terms and conditions as may be agreed upon with the lessor. At the net asset statement date, the future minimum lease payments under these non-cancellable operating leases were as follows:-

	Group	
	2015	2014
	£	£
Expiring:		
Within one year	**694,105**	207,498
Between two to five years	**2,538,831**	350,125
Over five years	**1,980,317**	3,254,464
	5,213,253	3,812,087

30. Subsequent events

The Directors are reporting the following subsequent events to the Statement of Financial Position which are significant to these Financial Statements.

(i) On the 7th of July,2016, the AEC Group announced that it has disposed of one of its subsidiary companies, Malvern House Ireland Limited, in which it had a 55% interest in the share capital, to Oscar World Education Limited, Ireland. The consideration for the disposal is €660,000 (approximately £560,000) payable in cash on completion. The Purchaser will also sign a franchise agreement for one year (renewable yearly) enabling it to use the Malvern House brand name on payment of a royalty of 2.5% of tuition fee revenue per year. The Company had decided on the disposal to provide more focus and resources on its wholly owned London and Far East operations. Malvern House Ireland Limited, which operates an educational college in Dublin, reported losses before tax of £183,662 on revenue of £2.37 million for the year ended 31 December 2014 and based on audited accounts to 31 December 2015 will report profit before tax of £241,555 on turnover of £2.88 million for the year ended 31 December 2015.

The proceeds of the disposal will be used to supplement the Group's cash resources. The disposal will have no impact on the other operations of the Group.

This disposal will be reported as a discontinued activity in 2016.

(ii) On 9 June 2016 it was announced that the company has agreed with certain shareholders that loans from them amounting in aggregate to £853,951 shall be converted into ordinary shares in the company at a value of 6 pence per share. The company has agreed that £646,000 of its outstanding balance with KSP Investments Pte Limited and £207,951 being the remainder of its outstanding loan balance with CG Corp will be converted into ordinary shares in the Company at a price of 5p per share.

On the 15th of June 2016, 17,079,020 Ordinary Shares had been issued at 5p each to increase the total number of Ordinary Shares held in the Company to 80,130,063 (previously : 63,051,043). The capitalization was undertaken through the capitalization of Loans to the Group of £853,951.00 The details of the new shares are as provided as below:

	Previous	New Shares	Current	% Owned
KSP Investments Pte Ltd	11,035,037	12,920,000	23,955,037	29.90%
C G Corp	18,852,262	4,159,020	23,011,282	28.72%

31. Financial Instruments

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Credit risk

Exposure to the credit risks are monitored on an ongoing basis. The Group does not require collateral in respect of financial assets.

The carrying amount of trade and other receivables, subsidiary companies and related party balances and cash represent the Group's maximum exposure to credit risk. Cash and cash balances are placed with reputable financial institutions. Therefore credit risk arises mainly from the inability of customers to make payments when due. 49% (2013: 37%) of the Group's accounts receivables are made up of individual students, 35% (2013: 41%) relates to large funding organisations such as government related bodies and the balance of 16% (2013: 22%) to other organisations. All trading activities are concentrated in South East Asia and Europe. The analysis of aging debtors are provided in Note: 18

(ii) Liquidity risk

The Group seeks to adopt a prudent liquidity risk management by maintaining sufficient cash and having adequate amounts of credit facilities. Due to the nature of the Group's operations, the Group aims at maintaining flexibility in funding by keeping committed credit facilities available.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

Group 2015

	On demand or within one year	Within 2 to 5 years
	£	£
Trade payables	**535,940**	**-**
Other payables	**906,458**	**-**
Due to related parties	**1,589,052**	**-**
Finance lease obligations	**31,383**	**7,492**
	3,062,833	**7,492**

(iii) Foreign currency risk

The Group's investments in overseas subsidiaries and associated companies which are held for long-term investment purposes are exposed to currency translation risk. The differences arising from such translation are recorded under the foreign currency translation reserve. The Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions as the Directors believe that the risks arising from fluctuations in foreign currency exchange rates are not significant.

Sensitivity analysis for foreign exchange risk

The following analyses illustrate the effect that specific changes could have had on our income and equity for exchange movements. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the following table, which therefore should not be considered a projection of likely future events and losses.

	Group 10% weakening of GBP		Group 10% strengthening of GBP	
	Impact on Equity	**Impact on Income /Reserves**	**Impact on Equity**	**Impact on Income /Reserves**
	£	£	£	£
At 31.12.2015				
Singapore Dollar	**228,135**	**5,758**	**(228,135)**	**(5,758)**
Malaysian Ringgit	**75,674**	**15,908**	**(75,674)**	**(15,908)**
Euro	**225**	**26,050**	**(225)**	**(26,050)**
At 31.12.2014				
Singapore Dollar	70,024	70,024	(70,024)	(70,024)

Malaysian Ringgit	(66,102)	(66,102)	66,102	66,102
Euro	379	379	379	379
Other currencies	(4,257)	(4,257)	4,257	4,257

(iv) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to the Group's bank overdraft facility and term loan. A change in interest rate at the reporting date would not materially affect income or reserves. For 2015, there was none to report.

The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Floating rates Less than 12 months £	Non-interest Bearing £	Total £
At 31.12.2015			
Assets			
Trade and other receivables	-	1,392,975	1,392,975
Cash and bank balances	-	416,268	416,268
Non-financial assets	-	2,943,539	2,942,539
Total assets	-	4,752,782	4,752,782

	Fixed and floating rates £	Non-interest Bearing £	Total £
Liabilities			
Trade and other payables	-	2,062,812	2,062,812
Borrowings	-	1,589,052	1,589,052
Non-financial liabilities	-	778,554	778,554
Total Liabilities	-	4,430,418	4,430,418

(v) Fair Values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and short term borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other financial assets and liabilities are as disclosed in the respective notes.

(vi) Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance The capital structure of the Group consists of debt, cash and bank balances and equity attributable to holders of ordinary shares of the Company comprising issued capital, other reserves and retained earnings as disclosed in the financial statements. The Board of Directors reviews the capital structure regularly and at the minimum on a yearly basis.

32. Restatement of Prior Year

During the last financial year the Directors became aware of a material error relating to the overstatement of income for both the Dublin and London operations. From analysis done it has been identified that this was materially related to 2014 and accordingly restatement of the prior year for 2014 has been made. The system and methodology matters giving rise to this error have since been corrected and the Directors believe that issues that were discovered has been properly rectified. The total errors discovered were at £393,474. As a material error this has been corrected by means of a prior year adjustment.

	£
Debit income for the year ended 31 December 2014	393,474
Credit to the Deferred Income for the year ended 31 December 2015	393,474
Allocated to:	
Malvern House International	134,169
Malvern House Ireland	259,305

The restatement impacts income accruals and retained earnings a summarised version of the restated Statement of Financial Position is set out below

	Note	As originally reported 2014 £	Group Restatements made 2014 £	Restated Position 2014 £
TOTAL ASSETS				
Non-Current Assets		4,072,212	-	4,072,212
Current Assets		1,589,691	-	1,589,691
Total Assets		5,661,903	-	5,661,903
EQUITY AND LIABILITIES				
Non -Current Liabilities		50,859	-	50,859
Current Liabilities				
Deferred Income		620,389	393,474	1,013,863
All other current liabilities	24	2,561,521	-	2,561,521
Current liabilities		3,181,910	393,474	3,575,384
Total liabilities		3,232,769	393,474	3,626,243
Equity attributable to equity holders of the Company				
Share capital		5,362,491	-	5,362,491
Share premium		896,111	-	896,111
Reserves		(3,699,184)	(276,787)	(3,975,971)
		2,559,418	(276,787)	2,282,631
Non-controlling interests		(130,284)	(116,687)	(246,971)
Total equity		2,429,134	(393,474)	2,035,660
Total Equity and Liabilities		5,661,903	-	5,661,903

33. Discontinued activities

The profit on discontinued activities in the prior year of £282,420 comprises:

- Profit on the sale of associate companies (£279,037). The Group has sold its 30% stake in Keris Murni Sdn Bhd and Pusat Tuisyen Kasturi Sdn Bhd for RM1.6m and the profit on sale is set out in that note.
- Profit on the transfer of ownership of joint venture company (£9,854). The group has divested its interest in the Oman based business Global Institute for Management and Technology, LLC by the transfer of ownership to a third party for the partial repayment of indebtedness.
- Profit arising from an adjustment relating to the Malvern House Training Solutions Limited liquidation (£76,313). On 29 May 2013 a liquidator was appointed over the affairs of Malvern House Training Solutions Limited. As a consequence the net liabilities of that company ceased to be part of the Group. In 2013 a loss of £380,629 had previously been recognised.
- Loss arising on liquidation Smartworks (£55,399)
- Loss arising on liquidation of Brainbox (£27,386)