

**WEY EDUCATION PLC
ANNUAL REPORT
31 AUGUST 2016**



WEY EDUCATION PLC

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WEY EDUCATION PLC

DIRECTORS AND ADVISERS

The Board of Directors

Mr David L. Massie (*Chairman*)
Mr John E.R. Bridges (*Non-executive*)
Mrs Jacqueline K. Daniell
Dame Erica C. Pienaar (*Non-executive*)
Mr Thomas A. Scott
Mr Barrie R.J. Whipp (*Non-executive*)

Company Secretary

Mr David L. Massie

Registered Office

Third Floor
43 - 44 New Bond Street
London
W1S 2SA

Auditor

Shipleys LLP
Chartered Accountants & Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Solicitors

Sherrards Solicitors LLP
1-3 Pemberton Row
London
EC4 3BG

Nominated Advisor and Broker

W H Ireland Limited
4 Colston Avenue
Bristol
BS1 4ST

WEY EDUCATION PLC

CHAIRMAN'S STATEMENT

Dear Shareholder

The year represented the first full year for the Group including the results of InterHigh, the Group's online school acquired in February 2015. Consolidated revenue was £1,515,825, compared with the 2015 revenue of £516,327, for an eight month period. Of more relevance, revenue at InterHigh for the year to 31 August 2016 of £1,491,636, demonstrated significant growth and was substantially ahead of the previous full year's revenue of £1,082,244, an increase of 38%.

Group Adjusted EBITDA¹ for the year to 31 August 2016 was a loss of £228,015 (2015 (8 months): loss £152,078). This reflects the investment made and the base that has been created for further expansion in 2016/17 and thereafter. The loss before tax for the year from continuing operations before exceptional items was £408,846 (2015 (8 months): loss £304,386) but the loss per share from continuing operations reduced to 0.99p (2015 (8 months): loss 1.10p).

	Year ended 31 August 2016 £	8 months ended 31 August 2015 £
REVENUE	1,515,825	516,327
Cost of sales	(799,909)	(299,479)
GROSS PROFIT	715,916	216,848
Adjusted Administrative expenses	(943,931)	(368,926)
Adjusted EBITDA	(228,015)	(152,078)

The Company is continuing to expand internationally as illustrated by the geographical breakdown of turnover during the year shown below.

	UK £	Europe £	Middle East £	Africa £	Other countries £	Total £
2016						
Online Education	1,072,613	188,329	130,342	31,338	66,238	1,488,860
Other	26,965	-	-	-	-	26,965
Total	1,099,578	188,329	130,342	31,338	66,238	1,515,825
2015 (8 mth period)						
Online Education	380,099	49,406	47,117	9,558	30,148	516,328
Total	380,099	49,406	47,117	9,558	30,148	516,328

Sales are allocated based on the country in which the customer is located.

¹ Adjusted Earnings before interest, tax, depreciation and amortisation ("EBITDA") adds back exceptional items, the loss on discontinued business and equity based share payments.

WEY EDUCATION PLC

CHAIRMAN'S STATEMENT

On its Admission to AIM ("Admission") in December 2015, the Company raised £1.48 million net of Admission expenses and commission, part of which was used to repay all existing Group debt. The Group remains debt free. Despite substantial investment in infrastructure, marketing and development of an updated IT system, the Group ended the year with cash of £909,942 (2015: £97,434).

Growth came through organic expansion of the InterHigh online school. Student numbers in every year group increased over the comparative period in 2015, and the final student roll on the last day of term was 647 compared with 425 on the same day in 2015, an increase of 52%. Notable growth was seen in Year 12, the first year of A Levels, where a relaunched offering with more subjects and rescheduled teaching hours led to an increase in students from 12 in 2014/15 to 41 in 2015/16. The number of Year 12 students has increased materially again in the Autumn term of the current year.

IT Systems Update

InterHigh's IT system is based around industry standard software applications for lesson delivery. These have been enhanced by propriety software to create the InterHigh school platform. The platform is robust but has been developed over the 11 years of the school's existence during which time significant technological advances have occurred.

The Group is expanding rapidly and targeting significant growth of its current school roll. As such the Company, as anticipated at the time of Admission, has commissioned an update of its online platform to ensure firstly that it is scalable and able to accommodate the Group's projected growth, and secondly to ensure that the efficiency of the teaching platform and the quality of the student experience is maintained.

The project is progressing well, with BETA testing expected to commence in the next few months, prior to its anticipated adoption across the Group in 2017. This platform will be available to InterHigh, the new school brand and any other school brands the Group develops.

The Company expects to build the new system considerably below the budget contemplated at the time of Admission.

Management/Directorship Changes

Under the terms of the InterHigh acquisition in February 2015, the two founders of InterHigh, Paul and Jacqui Daniell entered into service agreements with InterHigh. The service agreements were to run for fixed periods to 31 March 2017 and thereafter on 12 months' notice. Paul and Jacqui have now agreed to extend their agreements with InterHigh for a further two years, until 31 March 2019, rolling on thereafter on 12 months' notice.

The acquisition of InterHigh also provided for an earn out to the Vendor (controlled by Paul and Jacqui) in instalments based on turnover growth, the last of which is due for the period to 31 August 2016 and which is subject to audit. It is anticipated that the earn out will amount to £203,308, payable as to 50% in shares of the Company and 50% in cash.

WEY EDUCATION PLC

CHAIRMAN'S STATEMENT

The Board is pleased to announce that Jacqui Daniell, one of the founders of InterHigh has been appointed an executive director of the Company with effect from 31 October 2016. The Group has decided to utilise the advantage it has of a competitive cost based in Crickhowell, Wales and will therefore concentrate all the Group school's administration there. Jacqui will take on a new role as Executive Director (Marketing and Administration).

Shortly before the year end, the Company announced that it was creating a second school brand to concentrate on a premium offering to students on a semi-selective basis, soft-launching in the current year with a more general launch of the school scheduled for the 2017/18 academic year. Although student numbers are expected to be modest during 2016/17, the opportunity is available to build a premium brand. The Board is optimistic that in time it can grow to a size comparable with InterHigh.

Litigation Outcome

The Group's legal action against its former CEO, Ms. Zenna Atkins, (also known as Zenna Hopkins) was decided substantially in the Group's favour by a High Court judgement in July 2016 and damages awarded most of which have now been received. Exceptional costs of the action of £124,501 were expended during the year. Since the year end the High Court has awarded costs in favour of the Company and an on account award of £100,000 has been received by the Company from Ms. Atkins (Hopkins). The security for costs which the Company had lodged in the amount of £98,000 has also been returned to the Company.

Discontinued Business

The Group's educational consultancy business found it difficult to identify contracts which met the Group's margin requirements. Consequently, the Board has decided that, in view of the outstanding prospects for growth within the core teaching business, to discontinue the Wey Consultancy business. The loss associated with the business in 2016 was £19,120 (2015 (8 months): profit £4,635).

Outlook

The Group's distinctive interactive schooling provides an alternative to a traditional "bricks and mortar" school. Historically many students came to InterHigh because its online nature resolved personal issues, such as anxiety or bullying. Increasingly students are more mainstream having decided that in today's digital world, the increased flexibility and provision of digital information is a style of teaching which equips them for further study at University and then in the digital working world.

The period under review has been one of significant development and investment in the core business with a view to creating a platform upon which to generate sustainable long term profitability. The funds raised at the time of Admission placed the Company on a strong financial footing and gave it the resources to fund its expansion during 2015/16. 2016/17 will not see the cost of the Company's AIM Admission, the costs associated with the Atkins litigation, various costs incurred in 2015/16 on planning for future expansion and the discontinued business.

WEY EDUCATION PLC

CHAIRMAN'S STATEMENT

2016/17 has started with a record number of students with future growth anticipated during the year. The Board intends to build upon the solid foundation now created by future organic expansion of the core business, (including the new school) and development overseas, particularly in Asia, with a view to generating a positive return for shareholders in a timely fashion.

Shareholder's Discount Scheme

Eligible shareholders are entitled to a discount on fees at InterHigh for their children and grandchildren. Further details can be found at <http://weyeducation.com/index.php/investors>.

Annual General Meeting

The Annual General Meeting of the Company will be held on Monday 9 January 2017 at 10.30 a.m. at the Company's registered office, 43-44 New Bond Street, London W1S 2SA. The Group's Annual Report and a formal notice will be separately dispatched to shareholders in due course at which time copies of the Annual Report will be available at the Company's website www.weyeducation.com from that date.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'D. L. Massie', with a long horizontal flourish extending to the right.

David L. Massie
Chairman

22 November 2016

WEY EDUCATION PLC

THE DIRECTORS' REPORT

The directors present their report and the financial statements of the Group for the year ended 31 August 2016.

RESULTS AND DIVIDENDS

The loss for the year amounted to £825,757 (2015: loss £355,711). The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the Group's financial risk management objectives and policies are included in note 25 to the accounts.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

DIRECTORS' INTERESTS

Mrs Jacqueline K. Daniell was appointed as a director of the Company on 31 October 2016. The interests of the directors who served the Company during the year in the shares of the Company at the year end were as follows:

	31 August 2016	31 August 2015
D.L. Massie	17,091,250	13,191,250
J.E.R. Bridges	533,333	533,333
Dame E.C. Pienaar	-	-
T.A. Scott	-	-
B.R.J. Whipp (<i>Appointed 24 February 2016</i>)	21,000	-

Registered office:
43-44 New Bond Street
London
W1S 2SA

Signed on behalf of the directors:

David L. Massie
Director

Approved by the directors on 22 November 2016.

WEY EDUCATION PLC

STRATEGIC REPORT

The directors of the Group present their Strategic Report for the year ended 31 August 2016. The purpose of the Strategic Report is to enable shareholders to assess how the directors have performed their duty to promote the success of the Group.

PRINCIPAL ACTIVITIES, STRATEGIC PRIORITIES AND FUTURE DEVELOPMENTS

Through online education Wey Education plc aims to create a better path for children, parents and schools. The Group seeks to raise the standards of education both in terms of achieving academic results and improving life chances of pupils.

The Group's overall goal is to create value for shareholders through delivering education and services to customers in a profitable business model.

To achieve this the Group is pursuing the following strategic objectives:

- To increase the Group's revenues by increasing the number of students who use the Group's services; and
- To expand the Group's operations into new geographical areas.

BUSINESS REVIEW

A review of the business of the Group and an indication of likely future developments can be found in the Chairman's Statement on pages 2 to 5.

The directors consider that the financial key performance indicators are turnover, operating profit before depreciation, amortisation of acquired intangible assets, exceptional items and equity based share payments, earnings per share and the Group's net debt/net cash. For the year ended 31 August 2016 the non-financial key performance indicator was primarily student numbers which were discussed in the Chairman's Statement.

KEY PERFORMANCE INDICATORS

The Board monitors the activities and performance of the Group on a regular basis. The primary performance indicators for the Group are:

FINANCIAL PERFORMANCE

- Turnover for the year from continuing operations was £1,515,825 (2015 (8 months) £516,327)
- The operating loss of the Group for the year from continuing operations before depreciation, amortisation of acquired intangible assets, exceptional items and equity based share payments was loss £228,015 (2015 (8 months): loss £152,078);
- The loss per share from continuing operations was 0.99p (2015 (8 months): (loss) 1.10p); and
- At 31 August 2016 the Group cash balance was £909,942 (2015: £97,434).

WEY EDUCATION PLC

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

Risks are reviewed by the Board and the appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

DEPENDENCE ON KEY PERSONNEL

The Group is dependent upon its directors both at the parent company level and at the subsidiary level. The development and success of the Group depends on the Group's ability to a) adequately fund its activities and b) recruit and retain high quality and experienced staff. The inability to attract additional qualified personnel as the Group grows could have an adverse effect on the future business and financial conditions.

FUNDING RISK

The Group may not be able to raise, either by debt or equity, sufficient funds to enable it to finance its future strategy or any identified acquisition.

IT SYSTEMS

The Group operates in a highly dependent IT environment and data held by the Group needs to be secure against a background of increasing cyber threat. A breach of data security or IT systems failure could have an adverse impact on the delivery of the Group's core product, potentially resulting in reputational damage.

BREXIT

The Board recognises the uncertainty around the implications of the UK's exit from the EU and the exchange rate volatility which has occurred as a result of this. The Board continues to monitor this situation particularly in light of the planned overseas expansion of the Group. As the exit negotiations progress throughout the coming years the Group will adapt its pricing policy, costings procedures and business practices accordingly.

WEY EDUCATION PLC

STRATEGIC REPORT

INTERNAL CONTROLS

The Board recognises the importance of both financial and non-financial controls. Since the Group was established, the directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

This Strategic Report was approved by the Board of Directors on 22 November 2016.

Registered office:
43 - 44 New Bond Street
London
W1S 2SA

Signed on behalf of the directors

David L. Massie
Chairman and Company Secretary

WEY EDUCATION PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements ("the financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial period. Under that law the directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company or the Group as applicable will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Parent Company, 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's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors:

David L. Massie

Approved by the directors on 22 November 2016.

WEY EDUCATION PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WEY EDUCATION PLC

We have audited the financial statements of Wey Education plc for the year ended 31 August 2016 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statement of Cash Flow and the related notes. 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.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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 August 2016 and of the Group's loss for the year then ended;
- the Group and the Parent's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

WEY EDUCATION PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WEY EDUCATION PLC

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial period 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.

STEWART JELL (Senior Statutory Auditor)

For and on behalf of
SHIPLEYS LLP
Chartered Accountants
& Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

22 November 2016

WEY EDUCATION PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 AUGUST 2016

	Note	Year ended 31 August 2016 £	8 months ended 31 August 2015 £
CONTINUING OPERATIONS			
REVENUE	3	1,515,825	516,327
Cost of sales		<u>(799,909)</u>	<u>(299,479)</u>
GROSS PROFIT		715,916	216,848
Administrative expenses		(1,108,973)	(457,685)
Equity based share payments	4	(11,489)	(51,739)
Exceptional items	4	(397,791)	(55,960)
OPERATING LOSS	4	(802,337)	(348,536)
Finance costs		(4,300)	(11,810)
(LOSS) BEFORE TAXATION		(806,637)	(360,346)
Taxation	5	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		(806,637)	(360,346)
Profit/(Loss) from discontinued operations	6	(19,120)	4,635
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(825,757)	(355,711)
Continuing operations		(0.99)p	(1.10)p
Discontinued operations		(0.02)p	0.01p
Basic and diluted loss per share	9	(1.01p)	(1.09p)

The Group has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 19 to 44 form part of these financial statements.

WEY EDUCATION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION YEAR ENDED 31 AUGUST 2016

	Note	31 August 2016 £	31 August 2015 £
NON CURRENT ASSETS			
Goodwill	11	201,217	201,217
Intangible assets	12	629,731	763,333
Tangible fixed assets	13	29,079	18,153
Total non current assets		860,027	982,703
CURRENT ASSETS			
Trade and other receivables	14	217,108	219,321
Cash and cash equivalents	15	909,942	97,434
Total current assets		1,127,050	316,755
TOTAL ASSETS		1,987,077	1,299,458
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	19	957,712	439,711
Share premium	20	2,695,844	1,474,839
Option reserve	20	48,135	51,739
Retained earnings	20	(2,409,283)	(1,598,619)
Total equity and reserves		1,292,408	367,670
CURRENT LIABILITIES			
Trade and other payables	16	694,669	742,788
Total current liabilities		694,669	742,788
NON CURRENT LIABILITIES			
Provisions for liabilities	17	-	189,000
Total non current liabilities		-	189,000
TOTAL EQUITY AND LIABILITIES		1,987,077	1,299,458

These financial statements were approved by the directors and authorised for issue on 22 November 2016 and are signed on their behalf by:

David L. Massie
Director

Company registration number – 06342555

The notes on pages 19 to 44 form part of these financial statements.

WEY EDUCATION PLC
COMPANY STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 AUGUST 2016

	Note	31 August 2016 £	31 August 2015 £
NON CURRENT ASSETS			
Investment in subsidiaries	10	106	102
Intangible fixed assets	12	26,398	-
Tangible fixed assets	13	8,339	-
Total non current assets		<u>34,843</u>	<u>102</u>
CURRENT ASSETS			
Trade and other receivables	14	879,425	897,177
Cash and cash equivalents	15	575,456	12,926
Total current assets		<u>1,454,881</u>	<u>910,103</u>
TOTAL ASSETS		<u><u>1,489,724</u></u>	<u><u>910,205</u></u>
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	19	957,712	439,711
Share premium	20	2,695,844	1,474,839
Option reserve	20	48,135	51,739
Retained earnings	20	(2,386,908)	(1,569,165)
Total equity and reserves		<u>1,314,783</u>	<u>397,124</u>
CURRENT LIABILITIES			
Trade and other payables	16	174,941	513,081
Total current liabilities		<u>174,941</u>	<u>513,081</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,489,724</u></u>	<u><u>910,205</u></u>

These financial statements were approved by the directors and authorised for issue on 22 November 2016 and are signed on their behalf by:

David L. Massie
Director

Company registration number – 06342555

The notes on pages 19 to 44 form part of these financial statements.

WEY EDUCATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 AUGUST 2016

	Share Capital £	Share Premium £	Option Reserve £	Retained Earnings £	Total £
At 1 January 2015	138,652	559,538	33,408	(1,276,316)	(544,718)
Comprehensive Income					
Loss for the period	-	-	-	(355,711)	(355,711)
Total Comprehensive Income	-	-	-	(355,711)	(355,711)
Transaction with owners					
Issue of shares for cash	175,000	525,000	-	-	700,000
Issue of shares on conversion of loan	27,813	83,437	-	-	111,250
Issue of shares for acquisition	86,246	301,864	-	-	388,110
Issue of shares in lieu of directors fees	12,000	42,000	-	-	54,000
Expenses associated with share issue	-	(37,000)	-	-	(37,000)
Transfer on lapsing of share options	-	-	(33,408)	33,408	-
Equity based share payments	-	-	51,739	-	51,739
Total Transaction with owners	301,059	915,301	18,331	33,408	1,268,099
At 1 September 2015	439,711	1,474,839	51,739	(1,598,619)	367,670
Comprehensive Income					
Loss for the year	-	-	-	(825,757)	(825,757)
Total Comprehensive Income	-	-	-	(825,757)	(825,757)
Transaction with owners					
Issue of shares for cash	500,000	1,250,000	-	-	1,750,000
Issue of shares for deferred consideration	18,001	58,505	-	-	76,506
Expenses associated with share issue	-	(87,500)	-	-	(87,500)
Transfer on lapsing of share options	-	-	(15,093)	15,093	-
Equity based share payments	-	-	11,489	-	11,489
Total Transaction with owners	518,001	1,221,005	(3,604)	15,093	1,750,495
At 31 August 2016	957,712	2,695,844	48,135	(2,409,283)	1,292,408

The notes on pages 19 to 44 form part of these financial statements.

WEY EDUCATION PLC

COMPANY STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 AUGUST 2016

	Share Capital £	Share Premium £	Option Reserve £	Retained Earnings £	Total £
At 1 January 2015	138,652	559,538	33,408	(1,345,565)	(613,967)
Comprehensive Income					
Loss for the period	-	-	-	(257,008)	(257,008)
Total Comprehensive Income	-	-	-	(257,008)	(257,008)
Transaction with owners					
Issue of shares for cash	175,000	525,000	-	-	700,000
Issue of shares on conversion of loan	27,813	83,437	-	-	111,250
Issue of shares for acquisition	86,246	301,864	-	-	388,110
Issue of shares in lieu of directors fees	12,000	42,000	-	-	54,000
Expenses associated with share issue	-	(37,000)	-	-	(37,000)
Transfer on lapsing of share options	-	-	(33,408)	33,408	-
Equity based share payments	-	-	51,739	-	51,739
Total Transaction with owners	301,059	915,301	18,331	33,408	1,268,099
At 1 September 2015	439,711	1,474,839	51,739	(1,569,165)	397,124
Comprehensive Income					
Loss for the year	-	-	-	(832,836)	(832,836)
Total Comprehensive Income	-	-	-	(832,836)	(832,836)
Transaction with owners					
Issue of shares for cash	500,000	1,250,000	-	-	1,750,000
Issue of shares for deferred consideration	18,001	58,505	-	-	76,506
Expenses associated with share issue	-	(87,500)	-	-	(87,500)
Transfer on lapsing of share options	-	-	(15,093)	15,093	-
Equity based share payments	-	-	11,489	-	11,489
Total Transaction with owners	518,001	1,221,005	(3,604)	15,093	1,750,495
At 31 August 2016	957,712	2,695,844	48,135	(2,386,908)	1,314,783

The notes on pages 19 to 44 form part of these financial statements.

WEY EDUCATION PLC

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS YEAR ENDED 31 AUGUST 2016

	GROUP		COMPANY	
	31 August 2016 £	31 August 2015 £	31 August 2016 £	31 August 2015 £
Cash flows from operating activities				
Profit/(Loss) before taxation of:				
- continuing operations	(806,637)	(360,346)	(832,836)	(257,009)
- discontinued operations	(19,120)	4,635	-	-
Adjustments for:				
Amortisation	160,000	86,667	-	-
Depreciation	5,042	2,092	1,648	-
Loss on disposal of fixed assets	373	142	-	-
Finance costs	4,300	11,810	4,300	11,178
Equity based share payments	11,489	51,739	11,489	51,739
Changes in working capital:				
Trade and other receivables	2,213	(140,905)	17,752	(858,045)
Trade and other payables	216,339	45,867	38,812	435,470
Net cash generated from/(used in) operating activities	(426,001)	(298,299)	(758,835)	(616,667)
Cash flow from financing activities				
Repayment of funds to related parties	(266,750)	(35,493)	(266,750)	(34,863)
Issue of shares	1,662,500	663,000	1,662,500	663,000
Net cash (used in)/generated from financing activities	1,395,750	627,507	1,395,750	628,137
Cash flow from investing activities				
Investment in subsidiary	-	-	(4)	1
Acquisition of business net of cash	(76,506)	(228,109)	-	-
Interest paid	(37,996)	-	(37,996)	-
Development costs	(26,398)	-	(26,398)	-
Purchase of fixed assets	(16,341)	(9,450)	(9,987)	-
Net cash (used in)/generated from investing activities	(157,241)	(237,559)	(74,385)	1
Net increase/(decrease) in cash and cash equivalents	812,508	91,649	562,530	11,471
Cash and cash equivalents brought forward	97,434	5,785	12,926	1,455
Cash and cash equivalents carried forward	909,942	97,434	575,456	12,926

The notes on pages 19 to 44 form part of these financial statements.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

1 GENERAL INFORMATION

Wey Education plc is a public limited company, registered number 06342555, listed on the AIM market of the London Stock Exchange, incorporated and domiciled in England and Wales. Its registered office and business address is Third Floor, 43 - 44 New Bond Street, London W1S 2SA. The nature of the Group's operations and principal activities are set out on page 7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use by the European Union ("EU").

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of these accounts and have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements of the Group.

The financial statements have been prepared under the historical cost convention. Details of the significant accounting policies adopted by the Group are set out below. The financial statements are presented in sterling.

2.2 New standards, amendments and interpretations

New amendments to standards that became mandatory for the first time for the financial year beginning 1 September 2015 are listed below. The new amendments had no significant impact on the Group's results other than certain revised disclosures.

- *IFRS 10 'Consolidated financial statements'*
- *IFRS 11 'Joint arrangements'*
- *IFRS 12 'Disclosures of interests in other entities'*
- *IAS 27 (revised 2011) 'Separate financial statements'*
- *IAS 28 (revised 2011) 'Associates and joint ventures'*
- *Amendments to IFRS 10, 11 & 12 on transition guidance*
- *Amendments to IFRS 10, 12 & IAS 27 on consolidation for investment entities*
- *Amendment to IAS 32 on Financial instruments: asset and liability offsetting*
- *Amendment to IAS 36 'Impairment of Assets'*
- *Amendment to IAS 39 'Financial Instruments: Recognition and measurement'*

New amendments to standards that became mandatory for the first time for the financial period beginning 1 September 2016 were the annual improvements IFRS's 2011-2013 Cycle. These amendments will have no significant impact on the Group's results.

2.3 New standards issued but not yet effected

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

WEY EDUCATION PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

International accounting standards (IAS/IFRSs)

Endorsed by the EU:

IAS27 Amendments: Equity Method in Separate Financial Statements (Effective 1 January 2016)
IAS1 Amendments: Presentation of Financial Statements - Disclosure initiative (Effective 1 January 2016)
Annual Improvements to IFRSs 2012 - 2014 Cycle (Effective 1 January 2016)
IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
IFRS 11 Amendments: Accounting for Acquisitions of Interests in Joint Operations (Effective 1 January 2016)

Not yet endorsed by the EU:

IFRS 14 Regulatory Deferral Accounts (Effective 1 January 2016)
IFRS10 and IAS28 Amendments: Sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS10, IFRS 12 and IAS 28 Amendments: Investments Entities: Applying the Consolidation Exemption (Effective 1 January 2016)
IAS12 Amendments: Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
IAS7 Amendments: Disclosure Initiative (Effective 1 January 2017)
FRS15 Revenue from Contracts with Customers (Effective 1 January 2018)
IAS9 Financial Instruments (Effective 1 January 2018)
IFRS16 Leases (Effective 1 January 2019)

The impact of these new standards and amendments will be assessed in detail prior to adoption; however, at this stage the directors do not anticipate them to have a material impact on the amounts reported in the Group financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.4 Basis of consolidation

The Group financial statements consolidate the financial statements of Wey Education plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 August 2016.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Group applies the acquisition method to account for business combinations. On acquisition the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Definitions used in these financial statements are as follows:

The Company	Wey Education plc
The Group	Wey Education plc, Wey Consultancy Limited, Wey academy Limited; InterHigh Education Limited; Wey (Newco 1) Limited; Wey (Newco 2) Limited; Wey (Newco 3) Limited; and Wey (Newco 4) Limited.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The loss dealt with in the financial statements of the parent company was £832,836 (2015: £257,008).

2.5 Revenue Recognition

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Deposits received from customers are not recognised as income. At the end of the contract they are returned to customers or set-off against amount due from the customer.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Company's consultancy activities which were discontinued at the year end occur in the UK and the turnover relating to the education services occur in a number of regions as set out in note 3.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

2.7 Cash flow

The Group has elected to disclose its cash flows from operating activities using the indirect method that requires the profit or loss to be adjusted for the effects of non-cash movements, changes in working capital and items relating to investing and finance activities.

2.8 Share-based payments

The cost of share-based employee compensation arrangements, whereby directors and employees receive remuneration in the form of shares or share options and share-based payments to suppliers, is recognised as an expense in the income statement. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The assumptions underlying the number of awards expected to vest are subsequently adjusted for the effects of non market-based vesting to reflect the conditions prevailing at the balance sheet date. Fair value is measured by the use of a Black-Scholes pricing model. The expected life used in the model has been adjusted, based on the directors' best estimate, for the effects of the non-transferability, exercise restrictions and behavioural considerations. An Option Reserve has been established and contains the share options which are outstanding at the balance sheet date.

2.9 Critical accounting estimates and assumptions

The preparation of financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the historical financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes certain estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are considered to relate to:

Business combinations

The consideration transferred for the acquisition of the InterHigh Business is the fair value of the assets transferred, the liabilities incurred and any equity interest issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred in the income statement.

Identifiable assets and contingent assets acquired and identifiable liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination of fair values often requires significant judgements and the use of estimates. The excess of the

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Carrying value of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ('CGU') to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The estimation of the timing and value of underlying projected cash flows and selection of appropriate discount rates involves management judgment. Subsequent changes to these estimates or judgments may impact the carrying value of the goodwill, which at 31 August 2016 was £201,217 (2015: £201,217) (note 11).

Impairment of trade receivables

Management have undertaken an assessment in recognising provisions and contingencies. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all outstanding amounts in full due to the receivables being classified as 'bad' or there are indications that the collection is 'doubtful'. The amount of any loss is recognised in the income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement. The gross amount of trade receivables at 31 August 2016 is £118,006 (2015: £126,118) and the associated provision is £62,334 (2015: £88,657).

Fair value of equity-settled share-based payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

2.10 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group.

In the UK, the Company is entitled to a tax deduction for amounts treated as compensation on the exercise of certain options. As explained in note 2.8 a share-based payment charge is recorded in the income statement from the grant date and over the vesting period. As there is a temporary difference between the accounting and tax bases, a deferred tax asset is calculated by comparing the estimated amount of tax deduction to be obtained in the future, based on the Group's share price at the balance sheet date, with the cumulative amount of the share-based payment charge recorded in the income statement. A deferred tax asset is not recorded if the tax deduction is not expected to crystallise.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

2.11 Share capital

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

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

2.13 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

All the Group's financial assets are classified as 'trade and other receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.14 Trade and other receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.15 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

2.16 Cash and cash equivalents

In the Company's cash flow statement and balance sheet cash and cash equivalents includes cash at bank.

2.17 Financial liabilities

Financial liabilities include trade and other payables, and debt instruments issued by the Group.

2.18 Trade and other payables

Trade payables, which generally have 30-60 day terms, are recognised initially and carried at original invoice value. The Group considers there are no significant differences between the nominal value and fair value of trade and other payables.

2.19 Intangible assets

Goodwill

Intangible assets comprise goodwill obtained on the acquisition of the InterHigh business.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to CGUs for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business.

If the recoverable amount of the CGU is less than the carrying amount, an 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. Any impairment is recognised immediately in the income statement and is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

Purchased software and internally developed software: Software acquired by the Company which has a finite useful life is measured at cost less accumulated amortisation and any accumulated impairment losses. Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following criteria:

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

- the development cost can be measured reliably;
- the project is technically feasible and viable;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Intangible assets arising on acquisition of subsidiaries or businesses are recognised separately from goodwill if the fair value of these assets can be identified separately and measured reliably.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible asset. The useful life of the Company's intangibles asset is between 5 and 10 years, with a residual value of £26,398 (2015: £Nil).

Impairment reviews are carried out if events or changes in circumstances indicate that the carrying value of an asset may be impaired. An impairment loss is recognised in the income statement when the asset's carrying value exceeds its recoverable amount. Its recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.20 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the item, as follows:

Office equipment	20% on cost and 33.33% on cost
Fixtures and Fittings	10% on cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

2.21 Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Assets that are not available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.22 Operating leases

Operating leases under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.23 Employee benefits

Termination benefits are recognised when, and only when, the Company commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Employee entitlements to annual leave and long service payment due on retirement or termination are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long-service payment as a result of services rendered by employees up to the balance sheet date. The estimated liability is calculated net of expected reduction from benefits available from social security funds.

Employee entitlements to sick leave and other non-accumulating compensated absences are not recognised until the time of leave.

2.24 Provisions

Provisions are recognised if the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted to present value where the effect is material.

The Company recognises a provision for deferred consideration at fair value. Where this is contingent on future performance or a future event, judgement is exercised in establishing the fair value.

The Company recognises a provision for onerous lease contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

2.25 Pension contributions

The pension arrangements do not constitute a future obligation to the Group. Where contractually obliged the Company will contribute an additional amount into the relevant individual's scheme. Company contributions to the scheme are charged to the income statement in the same period as services are rendered by the relevant employee.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

3 GEOGRAPHICAL ANALYSIS OF TURNOVER

	UK £	Europe £	Middle East £	Africa £	Other countries £	Total £
2016						
Continuing Operations						
Online Education	1,072,613	188,329	130,342	31,338	66,238	1,488,860
Other	26,965	-	-	-	-	26,965
	<u>1,099,578</u>	<u>188,329</u>	<u>130,342</u>	<u>31,338</u>	<u>66,238</u>	<u>1,515,825</u>
Discontinued Operations						
Consultancy	3,014	-	-	-	-	3,014
Total	<u>1,102,592</u>	<u>188,329</u>	<u>130,342</u>	<u>31,338</u>	<u>66,238</u>	<u>1,518,839</u>
2015 (8 mth period)	£	£	£	£	£	£
Continuing Operations						
Online Education	380,099	49,406	47,117	9,558	30,148	516,328
	<u>380,099</u>	<u>49,406</u>	<u>47,117</u>	<u>9,558</u>	<u>30,148</u>	<u>516,328</u>
Discontinued Operations						
Consultancy	5,650	-	-	-	-	5,650
Total	<u>385,749</u>	<u>49,406</u>	<u>47,117</u>	<u>9,558</u>	<u>30,148</u>	<u>521,978</u>

Sales are allocated based on the country in which the customer is located.

4 LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

The Loss for the year from continuing activities is stated after charging:

	2016 £	2015 £
Depreciation	5,042	2,092
Amortisation	160,000	86,667
Operating lease costs – land and buildings	30,985	7,456
Equity based share payments	11,489	51,739
Exceptional items		
- Acquisition costs	-	55,960
- AIM admission costs	273,290	-
- Litigation costs	124,501	-
Directors remuneration	123,807	56,250
Auditors remuneration: Audit fees	12,000	18,000
Auditors remuneration: Prior year adjustment	(5,000)	-
Auditors remuneration: Other fees	70,371	2,700

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

5 TAXATION

There was no taxation in the year due to the Company making tax losses during the year.

The tax charge for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 August 2016 £	8 months ended 31 August 2015 £
Loss before tax	<u>(825,757)</u>	<u>(355,711)</u>
Tax credit at 20% (2015: 20%)	165,151	71,142
Effect of:		
Non-deductible items	(116,109)	(8,564)
Capital Allowances	1,704	4,077
Group relief and losses	<u>(50,746)</u>	<u>(66,655)</u>
Tax charge for the year	<u>-</u>	<u>-</u>

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £320,004 (2015: £293,607) in respect of losses carried forward amounting to £1,684,231 (2015: £1,468,035) as it does not yet anticipate being able to offset these against future profits or gains in the near term future in order to realise any economic benefit.

6 DISCONTINUED OPERATIONS

The group's educational consultancy business has found it difficult to identify contracts which met the group's margin requirements. Consequently, on 31 August 2016, the Board decided that, in view of the outstanding prospects for growth within the core teaching business, to discontinue the Wey Consultancy business.

The results of the discontinued operations which are included in the Group Income Statement is as follows:

	Year ended 31 August 2016 £	8 months ended 31 August 2015 £
REVENUE	3,014	5,650
Cost of sales	-	(844)
GROSS PROFIT	<u>3,014</u>	<u>4,806</u>
Administrative expenses	(22,134)	(171)
(Loss)/Profit before tax	<u>(19,120)</u>	<u>4,635</u>

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

7 STAFF COSTS AND EMPLOYEES

Wages and salaries

	2016 £	2015 £
Directors' remuneration	123,807	56,250
Wages and salaries	969,562	340,702
Equity based share payments	11,489	36,274
Directors Pensions	14,000	-
Social security costs	83,153	23,975
	<u>1,202,011</u>	<u>457,201</u>

The average monthly number of employees (including directors) was:

	2016 Number	2015 Number
Sales and administration	<u>37</u>	<u>32</u>

Key management personnel, as defined by IAS 24 'Related Party Disclosures' have been identified as the Board of Directors, as the controls operated by the Group ensure that all key decisions are reserved for the Board of Directors. Detailed disclosures of the directors' individual's remuneration and pension contributions and the aggregate amount of key management remuneration for those directors who served during the year are set out in note 8.

8 DIRECTORS REMUNERATION

	Fees/Salary £	Pension ⁶ £	2016 Total £	2015 Total £
<i>Current Directors</i>				
D.L. Massie ¹	-	-	-	-
J.E.R. Bridges	12,000	-	12,000	2,500
Dame E.C. Pienaar ²	12,000	-	12,000	6,250
T.A. Scott ³	93,622	14,000	107,622	45,000
B.R.J. Whipp ⁴	6,185	-	6,185	-
	<u>123,807</u>	<u>14,000</u>	<u>137,807</u>	<u>53,750</u>
<i>Past Directors</i>				
J.F. Molyneux ⁵	-	-	-	2,500
	<u>123,807</u>	<u>14,000</u>	<u>137,807</u>	<u>56,250</u>

1. As from 1 July 2015 the Chairman is entitled to be reimbursed for secretarial support at the rate of £1,000 per month. Massie & Co, which provided the secretarial support was paid £14,000 in the period (2015: Nil) which included two months from the previous financial period.
2. Appointed 23 February 2015.
3. Appointed 23 February 2015.
4. Appointed 24 February 2016.
5. Resigned 18 June 2015.
6. The Company does not operate a pension scheme but where contractually obliged makes contributions to an individuals nominated scheme. There are no benefits accruing under any pension scheme.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

9 LOSS PER SHARE

The basic loss per share has been calculated by dividing the loss for the year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

No diluted earnings per share is presented for the year ended 31 August 2016 or the previous year as the effect on the exercise of share options would be to decrease the loss per share.

	2016	2015
	Number	Number
Weighted average number of shares	<u>81,299,404</u>	<u>32,684,985</u>
	£	£
(Loss) from continuing activities	(806,637)	(360,346)
(Loss)/Profit from discontinued activities	<u>(19,120)</u>	<u>4,635</u>
	<u>(825,757)</u>	<u>(355,711)</u>
Basic and diluted loss per share		
- from continuing activities	(0.99)p	(1.10)p
- from discontinued activities	<u>(0.02)p</u>	<u>0.01p</u>
	<u>(1.01)p</u>	<u>(1.09)p</u>

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

10 INVESTMENT IN SUBSIDIARIES

	£
Cost	
At 31 August 2015	102
Additions in the year	<u>4</u>
At 31 August 2016	<u><u>106</u></u>

Wey Education plc holds 100% of the share capital of the following companies, all of which are held directly:

Subsidiary undertaking	Country of Incorporation	Class	Activity
Wey Consultancy Limited	England and Wales	Ordinary	Consultancy
Wey ecademy Limited	England and Wales	Ordinary	Non-trading
InterHigh Education Limited	England and Wales	Ordinary	Education
Wey (Newco 1) Limited	England and Wales	Ordinary	Non-trading
Wey (Newco 2) Limited	England and Wales	Ordinary	Non-trading
Wey (Newco 3) Limited	England and Wales	Ordinary	Non-trading
Wey (Newco 4) Limited	England and Wales	Ordinary	Non-trading

On 26 August 2016 the Company incorporated Wey (Newco 1) Limited, Wey (Newco 2) Limited, Wey (Newco 3) Limited and Wey (Newco 4) Limited. Each company issued 1 ordinary share of £1 fully paid to Wey Education plc, the subscriber to the memorandum and articles of association of each company.

11 GOODWILL

	Group £	Company £
Cost		
Balance at 31 August 2015 and at 31 August 2016	<u>277,617</u>	<u>76,400</u>
Amortisation		
Balance at 31 August 2015 and at 31 August 2016	<u>76,400</u>	<u>76,400</u>
Net Book Value		
At 31 August 2016	<u><u>201,217</u></u>	<u><u>-</u></u>
At 31 August 2015	<u>201,217</u>	<u>-</u>

Goodwill represents the excess of the consideration transferred and transferable, over the fair value of the identifiable net assets acquired in relation to the InterHigh Business set out in note 21. The net book value at 31 August 2016 was £201,217 (2015: £201,217).

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

12 INTANGIBLE FIXED ASSETS

GROUP	Software £	Other Intangible Assets £	Trade Marks and Brands £	Total £
Cost				
At 31 August 2015	400,000	350,000	100,000	850,000
Developed in the year	26,398	-	-	26,398
At 31 August 2016	<u>426,398</u>	<u>350,000</u>	<u>100,000</u>	<u>876,398</u>
Amortisation				
At 31 August 2015	43,333	37,917	5,417	86,667
Charge for the year	80,000	70,000	10,000	160,000
At 31 August 2016	<u>123,333</u>	<u>107,917</u>	<u>15,417</u>	<u>246,667</u>
Net Book Value				
At 31 August 2016	<u>303,065</u>	<u>242,083</u>	<u>84,583</u>	<u>629,731</u>
At 31 August 2015	<u>356,667</u>	<u>312,083</u>	<u>94,583</u>	<u>763,333</u>

Software acquired in material business combinations is capitalised at its fair value as determined by the directors. Software in development is capitalised with related development costs and once complete will be written off over the estimated economic life. The net book value at 31 August 2016 of £303,365 (2015: £356,667) consisted of £26,398 of software under development and £276,667 (2015: £356,667) for software acquired which will be written off over an estimated remaining useful economic life of 3 years.

Other intangible assets include the technology platform and the electronic library of materials which were acquired in material business combinations and have been capitalised at fair value as determined by the directors. The net book value at 31 August 2016 of £242,083 (2015: £312,083) will be written off over an estimated remaining useful economic life of 3 years.

Trade marks and brands acquired in material business combinations is capitalised at its fair value as determined by the directors. The net book value at 31 August 2016 of £84,583 (2015: £94,583) will be written off over an estimated remaining useful economic life of 8 years.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

COMPANY	Software Development £	Total £
Cost		
At 31 August 2015	-	-
Developed in the year	<u>26,398</u>	<u>26,398</u>
At 31 August 2016	<u>26,398</u>	<u>26,398</u>
Amortisation		
At 31 August 2015	-	-
Charge for the year	<u>-</u>	<u>-</u>
At 31 August 2016	<u>-</u>	<u>-</u>
Net Book Value		
At 31 August 2016	<u>26,398</u>	<u>26,398</u>
At 31 August 2015	<u>-</u>	<u>-</u>

Software in development is capitalised with related development costs and once complete will be written off over the estimated economic life. The net book value at 31 August 2016 of £26,398 (2015: £Nil) consisted of £26,398 relating to software under development.

13 TANGIBLE FIXED ASSETS

GROUP	Leasehold Improvements £	Fixtures and Fittings £	Office Equipment £	Total £
Cost				
At 31 August 2015	-	11,153	20,087	31,240
Additions	7,819	3,607	4,915	16,341
Disposals	<u>-</u>	<u>(288)</u>	<u>(495)</u>	<u>(783)</u>
At 31 August 2016	<u>7,819</u>	<u>14,472</u>	<u>24,507</u>	<u>46,798</u>
Depreciation				
At 31 August 2015	-	482	12,605	13,087
Charge for the year	1,564	1,398	2,080	5,042
Eliminated on disposal	<u>-</u>	<u>(47)</u>	<u>(363)</u>	<u>(410)</u>
At 31 August 2016	<u>1,564</u>	<u>1,833</u>	<u>14,322</u>	<u>17,719</u>
Net Book Value				
At 31 August 2016	<u>6,255</u>	<u>12,639</u>	<u>10,185</u>	<u>29,079</u>
At 31 August 2015	<u>-</u>	<u>10,671</u>	<u>7,482</u>	<u>18,153</u>

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

COMPANY	Leasehold Improvements £	Office Equipment £	Total £
Cost			
At 31 August 2015	-	10,995	10,995
Additions	7,819	2,168	9,987
At 31 August 2016	<u>7,819</u>	<u>13,163</u>	<u>20,982</u>
Depreciation			
At 31 August 2015	-	10,995	10,995
Charge for the year	1,564	84	1,648
At 31 August 2016	<u>1,564</u>	<u>11,079</u>	<u>12,643</u>
Net Book Value			
At 31 August 2016	<u>6,255</u>	<u>2,084</u>	<u>8,339</u>
At 31 August 2015	<u>-</u>	<u>-</u>	<u>-</u>

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade receivables	55,672	37,461	-	-
Corporation tax repayable	-	-	-	-
Amounts due from Group undertakings	-	-	746,861	748,878
Other debtors	106,258	128,309	98,401	102,858
VAT recoverable	18,321	23,271	18,321	25,410
Prepayments and accrued income	36,857	30,280	15,842	20,031
	<u>217,108</u>	<u>219,321</u>	<u>879,425</u>	<u>897,177</u>

All trade and other receivables are receivable within twelve months from the end of the reporting period.

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash at bank	<u>909,942</u>	<u>97,434</u>	<u>575,456</u>	<u>12,926</u>

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade payables	62,165	108,734	58,191	106,291
Social security and other taxes	41,415	26,746	17,137	11,378
Accruals and deferred income	276,030	141,535	37,278	17,176
Other creditors	311,803	465,773	10,193	304,769
VAT	3,256	-	-	-
Amounts due to Group undertakings	-	-	52,142	73,467
	<u>694,669</u>	<u>742,788</u>	<u>174,941</u>	<u>513,081</u>

All trade and other payables are payable within twelve months from the end of the reporting period.

Included in other creditors is an amount of £Nil (2015: £300,446) due to Sandwood Limited a company controlled by Mr D.L. Massie, a director of the Company. The loan was secured by a Debenture covering the assets of Wey Education plc, Wey Consultancy Limited, InterHigh Education Limited and Wey ecademy Limited. The loan was repaid following Admission to AIM and the security released.

17 NON CURRENT LIABILITIES - PROVISIONS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred consideration	-	189,000	-	-
Analysed as follows:				
Current	-	189,000	-	-

The provision for deferred consideration is in respect of the acquisition of the trade and assets of Beta School Limited. An amount of £153,014 was paid in the year in respect of the period to 31 August 2015. The amount due to be paid for the period to 31 August 2016 is estimated to be £203,308. This amount falls due in less than one year and is included in Other creditors in note 16.

WEY EDUCATION PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

18 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are set out below:

Land and Buildings	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Operating lease commitments:				
Within one year	25,000	18,371	25,000	18,371
Second to fifth year inclusive	100,000	100,000	100,000	100,000
After five years	88,172	113,172	88,172	113,172
	<u>213,172</u>	<u>231,543</u>	<u>213,172</u>	<u>231,543</u>

19 SHARE CAPITAL

Allotted, called up and fully paid:

	2016		2015	
	Number	£	Number	£
Ordinary shares of £0.01 each	<u>95,771,241</u>	<u>957,712</u>	<u>43,971,082</u>	<u>439,711</u>

Holders of ordinary shares are entitled to dividends as declared by the Company from time to time and are entitled to one vote per share at general meetings of the Company.

On 4 January 2016 the Company issued 1,800,159 ordinary shares of £0.01 each at an issue price of 4.25p per share to Beta School Limited as part of the deferred consideration for the purchase of the InterHigh business.

On 11 December 2015 the Company issued 50,000,000 ordinary shares of £0.01 each at an issue price of 3.5p per share.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

20 OTHER RESERVES

GROUP	Share Premium £	Option Reserve £	Retained Earnings £
At 1 January 2015	559,538	33,408	(1,276,316)
Issue of shares	952,301	-	-
Expenses	(37,000)	-	-
Loss for the period	-	-	(355,711)
Transfer on lapsing of share options	-	(33,408)	33,408
Equity based share payments	-	51,739	-
	<hr/>	<hr/>	<hr/>
At 31 August 2015	1,474,839	51,739	(1,598,619)
Issue of shares	1,250,000	-	-
Issue of shares for deferred consideration	58,505	-	-
Expenses	(87,500)	-	-
Loss for the year	-	-	(825,757)
Transfer on lapsing of share options	-	(15,093)	15,093
Equity based share payments	-	11,489	-
	<hr/>	<hr/>	<hr/>
At 31 August 2016	2,695,844	48,135	(2,409,283)
	<hr/>	<hr/>	<hr/>
COMPANY	Share Premium £	Option Reserve £	Retained Earnings £
At 1 January 2015	559,538	33,408	(1,345,565)
Issue of shares	952,301	-	-
Expenses	(37,000)	-	-
Loss for the period	-	-	(257,008)
Transfer on lapsing of share options	-	(33,408)	33,408
Equity based share payments	-	51,739	-
	<hr/>	<hr/>	<hr/>
At 31 August 2015	1,474,839	51,739	(1,569,165)
Issue of shares	1,250,000	-	-
Issue of shares for deferred consideration	58,505	-	-
Expenses	(87,500)	-	-
Loss for the year	-	-	(832,836)
Transfer on lapsing of share options	-	(15,093)	15,093
Equity based share payments	-	11,489	-
	<hr/>	<hr/>	<hr/>
At 31 August 2016	2,695,844	48,135	(2,386,908)

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

21 ACQUISITION OF INTERHIGH BUSINESS BY INTERHIGH EDUCATION LIMITED

On 3 February 2015, Beta School Limited and InterHigh Education Limited exchanged contracts to sell the assets and goodwill of the business ("InterHigh Business"), for an initial consideration of £776,217 (payable as to £388,109 in cash and £388,108 by the issue of 8,624,634 new ordinary shares in Wey Education plc), plus deferred consideration over the next 2 years equal to 50% of the incremental growth in turnover of the InterHigh Business for each of the years to 31 August 2015 and 31 August 2016, to be satisfied as to 50% in cash and 50% in new ordinary shares of Wey Education plc.

InterHigh's turnover for the year ended 31 August 2015 was £1,082,244 which exceeded the turnover for the year ended 31 August 2014 by £306,027. Accordingly, deferred consideration of £153,014 was due and £76,507 was paid in cash and the balance satisfied by the issue 1,800,159 ordinary shares at 4.25p per share.

The fair value assets and liabilities assumed at the date of acquisition were as follows:

	£
Intangible fixed assets	
- Software	400,000
- Other intangible assets	350,000
- Trade marks and brands	100,000
Tangible fixed assets	10,937
Current assets	31,320
Current liabilities	(127,256)
	<u>765,001</u>
Cash	159,999
Net Assets acquired	<u>925,000</u>

The goodwill arising on the acquisition was as follows:

	£
Deferred consideration	350,000
Cash consideration	388,109
Parent company share consideration	388,108
	<u>1,126,217</u>
Net Assets acquired	(925,000)
Goodwill	<u>201,217</u>

WEY EDUCATION PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

22 RELATED PARTY TRANSACTIONS

At 31 August 2016 the outstanding debt owed to Wey Consultancy Limited by the Company was £52,138 (2015: £73,467). During the year to 31 August 2016 the Company charged Wey Consultancy Limited a management fee of £3,000 (2015: £Nil) and invoiced personnel costs amounting to £17,798 (2015: £Nil).

During the year to 31 August 2016 the Company charged InterHigh Education Limited a management fee of £60,000 (£50,000 plus VAT) (2015: £15,000). At 31 August 2016 the outstanding debt owed by InterHigh Education Limited to Wey Education plc was £746,861 (2015: £748,878). Interest accrues on this debt at 5.0 per cent. per annum and during the year this amounted to £36,942 (2015: Nil).

On 11 December 2015 the Company repaid the outstanding balance on the Sandwood Limited, a company controlled by Mr D.L. Massie. As at 31 August 2016 the balance on this loan amounted to £Nil (2015: £266,750). Interest was charged in the year of £4,300 (2015: £11,178). Total loan interest accrued to 31 August 2016 was £Nil (2015: £33,698) amounting to a total loan balance of £Nil (2015: £300,466). On 2 April 2015 Sandwood Limited converted £111,250 of outstanding loan into 2,781,250 ordinary shares in the Company at 4.0p per share.

During the year to 31 August 2016 the Company repaid Mr D.L. Massie £69,600 he had provided on behalf of Wey Education plc as security for costs in the High Court action against Ms Atkins (see Note 26). At 31 August 2016 £Nil (2015: £69,600) is due to Mr D.L. Massie by the Company.

During the year to 31 August 2016 the Company had an agreement with Massie & Co, a partnership in which Mr D.L. Massie is a partner, under which Massie & Co provided office accommodation and secretarial services. In accordance with this agreement Massie & Co received £12,000 (2015: Nil). As at 31 August 2016 the balance due to Massie & Co amounted to £3,613 (2015: £7,467).

During the year to 31 August 2016 the Company paid IAF Capital Limited, a company wholly owned by Mr D.L. Massie, £137,500 in relation to the Company's admission to AIM and associated fundraising. During the period to 31 August 2015 the Company paid IAF Capital Limited, a company wholly owned by Mr D.L. Massie, £68,000 in relation to the acquisition of the InterHigh business and assets and associated fundraising.

23 CONTROLLING PARTY

In the opinion of the directors there is no one controlling party. As at 31 August 2016 Livingbridge VC LLP owned 28.34% (2015: Nil), Miton Group owned 19.62% (2015: 20.0%) and Mr D.L. Massie owned 17.85% (2015: 29.99%) of the issued share capital.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

24 SHARE OPTIONS AND WARRANTS

Share Options

The Group has a share option scheme for suppliers and for certain directors and employees. Options are exercisable at a price equal to the market price of the shares in the Company at the date of the grant. The share options vest immediately or up to a period of 3 years and some are subject to various performance criteria. The options are settled in equity once exercised.

The reconciliation of options during the year ended 31 August 2016 is shown below:

	Number	Weighted average exercise price (p)	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price (p)
At 1 January 2015	250,000	5.00	6.26	250,000	5.00
Forfeited in the period	(250,000)	4.52			
Granted in the period	5,750,000	5.00			
At 31 August 2015	5,750,000	4.52	7.92	1,250,000	4.60
Lapsed in the year	(2,400,000)				
Granted in the year	7,519,316	7.87			
At 31 August 2016	<u>10,869,316</u>	<u>8.86</u>	<u>4.39</u>	<u>3,050,000</u>	<u>2.98</u>

Options which are not exercisable at 31 August 2016 consist of:

- (i) 1,019,317 (2015: 500,000) ordinary shares which vest based on various non-market based corporate performance criteria and 3 years after grant;
- (ii) 800,000 (2015: 800,000) ordinary shares which vest conditional on the company's share price performance;
- (iii) 5,000,000 (2015: 3,200,000) ordinary shares which vest based on various non-market based corporate performance criteria; and
- (iv) a conditional share grant of 1,000,000 (2015: 1,000,000) ordinary shares, subject to various non-market based corporate performance criteria.

WEY EDUCATION PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

Share Warrants

The reconciliation of warrants during the year ended 31 August 2016 is shown below:

	Number	Weighted average exercise price (p)	Weighted average remaining contractual life (years)
At 1 January 2015	693,260	5.00	1.26
Granted in the period	389,706	Market price	
Effect of share issue on warrants	1,996,782	5.00	
At 31 August 2015	<u>3,079,748</u>	<u>4.94</u>	<u>1.65</u>
Lapsed in the year	(1,345,021)		
Effect of share issue on warrants	1,399,345	5.00	
At 31 August 2016	<u>3,134,072</u>	<u>4.91</u>	<u>1.71</u>

The exercise date of the warrants granted by the Company to IAF Capital Limited was extended on 26 March 2015 and is exercisable in full or in part at any time at a price of 5.0p per ordinary share. The warrant expires on 31 May 2018.

The fair value of warrants and options granted is calculated at the date of grant using a Black-Scholes option pricing model. The weighted average fair value of warrants and options granted during the year ended 31 August 2016 determined using the Black-Scholes valuation model was 7.42p per warrant or option. The significant inputs into the model were:

- Share price at the date of grant between 3.9p and 4.875p
- Exercise price of 4.0p, 4.5p, 10.0p, 15.0p or 20.0p
- Volatility of 40%
- Dividend yield of 0%
- Risk free interest rate of 2.0%
- Expected option/warrant life of between 2 and 10 years

The Company recognised a total expense of £11,489 (2015: £51,739) in respect of share based payments.

WEY EDUCATION PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

25 FINANCIAL INSTRUMENTS

25.1 Financial risk management objectives

The Company's financial instruments comprise cash and various other items, such as trade payables and trade receivables that arise directly from its operations. The Company's exposure to its financial instruments are not material and therefore derivative financial instruments are not used to manage them.

The main risks arising from the Company's financial instruments can be analysed as follows:

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers.

Price risk

The Company does not currently hold any investments available-for-sale and therefore has no exposure to securities price risk.

Foreign currency risk

The Company has no significant transactions or balances denominated in foreign currencies and holds all cash balances in sterling. The directors do not consider the Company to be subject to currency risk.

Liquidity risk

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital. Short-term liquidity is managed through short-term borrowing facilities and short-term deposits.

Cash flow interest rate risk

The Company has no borrowings and on cash balances receives variable rate interest based on UK bank base rates.

WEY EDUCATION PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

25.2 Financial instruments categories and carrying values

This note provides details of the Group's financial instruments. Except where otherwise stated, the disclosures in this note exclude retirement benefit assets and obligations.

Liabilities or assets that are not contractual (such as income taxes that are created as a result of statutory requirements imposed by governments, prepayments, deferred government grants, provisions and deferred income) are not financial assets or financial liabilities and accordingly are excluded from the disclosures provided in this note. The carrying amounts of the financial assets and financial liabilities set out below are a reasonable approximation of fair value.

Details of the significant accounting policies and methods adopted for each class of financial asset and financial liability are disclosed in the accounting policies note.

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial Assets				
Trade receivables	55,672	37,461	-	-
Amounts due from Group undertakings	-	-	746,861	748,878
Other debtors	106,258	128,309	98,401	102,858
Prepayments and accrued income	36,857	30,280	15,842	20,031
Cash at bank	909,942	97,434	575,456	12,926
	<u>1,108,729</u>	<u>293,484</u>	<u>1,436,560</u>	<u>884,693</u>
Financial Liabilities				
Trade payables	62,165	108,734	58,191	106,291
Accruals and deferred income	276,030	141,535	37,278	17,176
Other creditors	311,803	465,773	10,193	304,769
Amounts due to Group undertakings	-	-	52,142	73,467
	<u>649,998</u>	<u>716,042</u>	<u>157,804</u>	<u>501,703</u>
Net Financial Assets/(Liabilities)	<u>458,731</u>	<u>(422,558)</u>	<u>1,278,756</u>	<u>382,990</u>

26 POST BALANCE SHEET EVENTS

The Company has been awarded its costs in the High Court action against Ms Atkins (Hopkins). £98,000 lodged as security for the action has been released to the Company and Ms Atkins (Hopkins) has paid £100,000 on account of such costs. The Company has also received notification that Ms Atkins (Hopkins) has instructed her solicitors to withdraw her action in relation to the Employment Tribunal.