

Challenging Learning ApS

c/o BUUS JENSEN, Lersø Parkallé 112, 1. sal, 2100 Copenhagen

Company reg. no. 36 41 77 06

Annual report

1 September 2016 - 31 August 2017

The annual report have been submitted and approved by the general meeting on the 17 November 2017.

James Andrew Nottingham
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management's review	
Company data	5
Management's review	6
Annual accounts 1 September 2016 - 31 August 2017	
Accounting policies used	7
Profit and loss account	10
Balance sheet	11
Notes	13

Management's report

The managing director has today presented the annual report of Challenging Learning ApS for the financial year 1 September 2016 to 31 August 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 August 2017 and of the company's results of its activities in the financial year 1 September 2016 to 31 August 2017.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 17 November 2017

Managing Director

James Andrew Nottingham

Independent auditor's report

To the shareholders of Challenging Learning ApS

Opinion

We have audited the annual accounts of Challenging Learning ApS for the financial year 1 September 2016 to 31 August 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 August 2017 and of the results of the company's operations for the financial year 1 September 2016 to 31 August 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 17 November 2017

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen

State Authorised Public Accountant

Company data

The company

Challenging Learning ApS

c/o BUUS JENSEN

Lersø Parkallé 112, 1. sal

2100 Copenhagen

Company reg. no. 36 41 77 06

Established: 27 October 2014

Domicile: Copenhagen

Financial year: 1 September 2016 - 31 August 2017

Managing Director

James Andrew Nottingham

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Management's review

The principal activities of the company

The principal activity of the Company is providing consultancy within professional development training and resources for people working with children and teenagers.

Development in activities and financial matters

The gross profit for the year is DKK 3.015.000 against DKK 3.202.000 last year. The results from ordinary activities after tax are DKK 1.270.000 against DKK 1.326.000 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for Challenging Learning ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, direct cost of services and other external costs.

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Accounting policies used

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Challenging Learning ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 September - 31 August

All amounts in DKK.

<u>Note</u>	<u>2016/17</u>	<u>2015/16</u>
Gross profit	3.014.839	3.202.265
1 Staff costs	<u>-1.388.411</u>	<u>-1.543.287</u>
Operating profit	1.626.428	1.658.978
Other financial income from group enterprises	0	2.671
Other financial income	7.746	40.451
3 Other financial costs	<u>-4.309</u>	<u>-2.466</u>
Results before tax	1.629.865	1.699.634
2 Tax on ordinary results	<u>-359.546</u>	<u>-373.744</u>
Results for the year	1.270.319	1.325.890
Proposed distribution of the results:		
Dividend for the financial year	680.000	350.000
Allocated to results brought forward	<u>590.319</u>	<u>975.890</u>
Distribution in total	1.270.319	1.325.890

Balance sheet 31 August

All amounts in DKK.

Assets

<u>Note</u>	<u>2017</u>	<u>2016</u>
Current assets		
Manufactured goods and trade goods	27.113	77.430
Inventories in total	27.113	77.430
Trade debtors	448.594	1.683.664
Amounts owed by group enterprises	2.051.303	2.546.736
Other debtors	40.000	40.000
Accrued income and deferred expenses	4.682	1.999
Debtors in total	2.544.579	4.272.399
Available funds	2.545.493	3.736.127
Current assets in total	5.117.185	8.085.956
Assets in total	5.117.185	8.085.956

Balance sheet 31 August

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
4	Contributed capital	50.000	50.000
5	Results brought forward	1.598.199	1.007.880
6	Proposed dividend for the financial year	680.000	350.000
	Equity in total	<u>2.328.199</u>	<u>1.407.880</u>
Liabilities			
	Trade creditors	127.326	77.165
	Debt to group enterprises	1.277.750	770.820
	Corporate tax	359.546	326.744
	Other debts	361.886	527.635
	Accrued expenses and deferred income	662.478	4.975.712
	Short-term liabilities in total	<u>2.788.986</u>	<u>6.678.076</u>
	Liabilities in total	<u>2.788.986</u>	<u>6.678.076</u>
	Equity and liabilities in total	<u>5.117.185</u>	<u>8.085.956</u>

7 Contingencies

Notes

All amounts in DKK.

	<u>2016/17</u>	<u>2015/16</u>
1. Staff costs		
Salaries and wages	1.255.482	1.481.921
Pension costs	67.266	40.000
Other costs for social security	11.543	21.366
Other staff costs	<u>54.120</u>	<u>0</u>
	<u>1.388.411</u>	<u>1.543.287</u>
 Average number of employees	 <u>3</u>	 <u>3</u>
2. Tax on ordinary results		
Tax of the results for the year	359.546	326.744
Adjustment for the year of deferred tax	<u>0</u>	<u>47.000</u>
	<u>359.546</u>	<u>373.744</u>
 3. Other financial costs		
Other financial costs	<u>4.309</u>	<u>2.466</u>
	<u>4.309</u>	<u>2.466</u>
 4. Contributed capital		
Contributed capital 1 September 2016	<u>50.000</u>	<u>50.000</u>
	<u>50.000</u>	<u>50.000</u>
 5. Results brought forward		
Results brought forward 1 September 2016	1.007.880	31.990
Profit or loss for the year brought forward	<u>590.319</u>	<u>975.890</u>
	<u>1.598.199</u>	<u>1.007.880</u>

Notes

All amounts in DKK.

	<u>31/8 2017</u>	<u>31/8 2016</u>
6. Proposed dividend for the financial year		
Dividend 1 September 2016	350.000	0
Distributed dividend	-350.000	0
Dividend for the financial year	<u>680.000</u>	<u>350.000</u>
	<u>680.000</u>	<u>350.000</u>

7. Contingencies

Joint taxation

Challenging Learning Scandinavia ApS, company reg. no 36 68 67 90 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 355 thousand.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.