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 2017 - 31 August 2018

The annual report have been submitted and approved by the general meeting on the 7 December 2018.

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

Management's report

The managing director has today presented the annual report of Challenging Learning ApS for the financial year 1 September 2017 to 31 August 2018.

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 at 31 August 2018 and of the company's results of its activities in the financial year 1 September 2017 to 31 August 2018.

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, 7 December 2018

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 2017 to 31 August 2018, 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 2018 and of the results of the company's operations for the financial year 1 September 2017 to 31 August 2018 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.

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.

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, 7 December 2018

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

Michael Markussen
State Authorised Public Accountant
mne34295

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 2017 - 31 August 2018
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 179.000 against DKK 3.015.000 last year. The results from ordinary activities after tax are DKK -138.000 against DKK 1.270.000 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).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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.

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.

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.

Accounting policies used

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).

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.

Note		2017/18	2016/17
	Gross profit	**179.350**	**3.014.839**
1	Staff costs	-277.196	-1.388.411
	Operating profit	**-97.846**	**1.626.428**
	Other financial income	6.694	7.746
3	Other financial costs	-46.472	-4.309
	Results before tax	**-137.624**	**1.629.865**
2	Tax on ordinary results	0	-359.546
	Results for the year	**-137.624**	**1.270.319**
	Proposed distribution of the results:		
	Dividend for the financial year	0	680.000
	Allocated to results brought forward	0	590.319
	Allocated from results brought forward	-137.624	0
	Distribution in total	**-137.624**	**1.270.319**

Balance sheet 31 August

All amounts in DKK.

Note	Assets	2018	2017
	Current assets		
	Manufactured goods and trade goods	0	27.113
	Inventories in total	0	27.113
	Trade debtors	184.736	448.594
	Amounts owed by group enterprises	2.047.294	2.051.303
	Other debtors	0	40.000
	Accrued income and deferred expenses	3.086	4.682
	Debtors in total	2.235.116	2.544.579
	Available funds	597.016	2.545.493
	Current assets in total	**2.832.132**	**5.117.185**
	Assets in total	**2.832.132**	**5.117.185**

Balance sheet 31 August

All amounts in DKK.

Note	Equity and liabilities	2018	2017
	Equity		
4	Contributed capital	50.000	50.000
5	Results brought forward	1.460.575	1.598.199
6	Proposed dividend for the financial year	0	680.000
	Equity in total	**1.510.575**	**2.328.199**
	Liabilities		
	Trade creditors	36.500	127.326
	Debt to group enterprises	725.006	1.277.750
	Tax payables to group enterprises	0	359.546
	Other debts	55.659	361.886
	Accrued expenses and deferred income	504.392	662.478
	Short-term liabilities in total	1.321.557	2.788.986
	Liabilities in total	**1.321.557**	**2.788.986**
	Equity and liabilities in total	**2.832.132**	**5.117.185**

7 Contingencies

Notes

All amounts in DKK.

		2017/18	2016/17
1.	**Staff costs**		
	Salaries and wages	201.954	1.258.148
	Pension costs	45.000	64.600
	Other costs for social security	9.060	11.543
	Other staff costs	21.182	54.120
		277.196	**1.388.411**
	Average number of employees	0	3
2.	**Tax on ordinary results**		
	Tax of the results for the year	0	359.546
		0	**359.546**
3.	**Other financial costs**		
	Other financial costs	46.472	4.309
		46.472	**4.309**
4.	**Contributed capital**		
	Contributed capital 1 September 2017	50.000	50.000
		50.000	**50.000**
5.	**Results brought forward**		
	Results brought forward 1 September 2017	1.598.199	1.007.880
	Profit or loss for the year brought forward	-137.624	590.319
		1.460.575	**1.598.199**

All amounts in DKK.

		31/8 2018	31/8 2017
6.	**Proposed dividend for the financial year**		
	Dividend 1 September 2017	680.000	350.000
	Distributed dividend	-680.000	-350.000
	Dividend for the financial year	0	680.000
		0	**680.000**

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.