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Company Registration No. 04887133

**NOBEL EDUCATION NETWORK LIMITED
AND SUBSIDIARY COMPANIES**

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2016

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NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS AND ADVISERS

Directors

K Berlin (resigned 30 April 2016)
A Burman (resigned 1 May 2016)
J R Forsyth (resigned 1 September 2016)
P S Milnes (resigned 1 May 2016)
D C Davies (appointed 1 May 2016)
K S Nagra (appointed 1 May 2016)
R C Provost (appointed 1 May 2016)

Company Number

04887133

Registered Office

Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Business Address

10-02, 63 Market Street
The Bank of Singapore Centre 048942
Singapore

Auditors

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditors
Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Accountants

Rawlinson & Hunter Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Business review for the year

In 2016, Nobel Education Network Limited (NEN) continued to grow within its existing network of schools, expanding capacity to accommodate the growth in student numbers, which at the end of the financial year had reached 1,570 in the four schools.

- Amadeus Vienna, Austria, has seen a healthy growth in the number of students to 220 and has recently received the prestigious accreditation of IB World School status. The superior boarding facilities and a focus on music and the arts continue to attract highly talented local students as well as those from Asian and Eastern European countries.
- The European International School in Vietnam has grown its student body to 380. Based on its strong reputation and IB World School accreditation, the demand and growth at the school has been strong and is currently at 85% capacity. There are plans to expand capacity by adding new villas within the existing campus site.
- Nobel International School of the Algarve has successfully grown student numbers to 750 following the improving economic climate in Portugal. The rebranding of the school name and improvement in overall school management have been well received by parents and the broader community in the Algarve.
- OurPlanet International School in Muscat, Oman, has grown such that it was at full capacity with 220 students when the school re-opened in September 2016. The school has adopted an Arabic/English bilingual curriculum, attractive to both the local Omani and expatriate population. The new building project has recently been completed, adding further capacity to accommodate strong local demand.
- In 2016, Nobel initiated the closure of Bridges School in Turkey following a series of issues relating to the real estate, as well as geopolitical factors. A formal closure approval from the Ministry of Education has been obtained.

Overall, NEN student numbers have increased by 16% in 2016 from 1,350 to 1,570 students.

The growth in student numbers and the incremental increase in tuition fees across the Network drove revenues in 2016 up 37% to EUR16.8m (2015: EUR 12.3m) from continuing operations. Allowing for costs, the total comprehensive loss for the year amounted to EUR 11.0m (2015:EUR 14.1m).

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Strategic Review

NEN and its parent company are seeking additional investors, or possibly a new owner, who shares the vision and is able to help support the many opportunities in the collective pipeline. We believe this search will bring significant and sustainable benefits to the Nobel school, staff, and students.

NEN continues to hone in on their International Baccalaureate Curriculum; a focus on language learning as a core element of global citizens' tools; the unique World Topics concept, which weave into all academic subjects a common topic per location; and finally community empowerment.

2017 Outlook

The Nobel schools have made significant progress in 2016. NEN remains optimistic about 2017, as it continues to grow student numbers. NEN will also place great emphasis on cost optimisation throughout the Network as part of its efforts to improve efficiency, rationalise operations and at the same time improving students' learning outcomes.

Principal Risks and Uncertainties

Risks for the NEN Group and the business model fall into the following categories:

Credit risks

Credit risk exists in the form of trade debtors through the payment of school fees. In addition to careful credit management, the risk is partially mitigated by a policy of pre-payment for the term or the school year.

Other financial risks

To fully explore and execute NEN's growth plans for each of its network schools, and for the establishment of additional schools, NEN requires external financing. NEN has an existing credit facility agreement with the Rising Tide Foundation, but a risk remains that it could fail to deliver on its obligation. This risk is deemed to be small.

NEN keeps current and savings accounts with local and international banks and invests excess liquidity in fixed income deposits. As such there exists a financial counterparty risk in case of default by the facility providers.

Financial risk also exists should the Group experience a negative variance from the business plan and forecast funding. This risk is mitigated by due care of the Group's financial model and careful cash flow planning. In 2017, NEN will continue to enhance its operational and financial reporting across the Network, and this will help to mitigate against unforeseen financial challenges.

Operational risks

As schools go into service, a number of operational risks arise from regular school operations. Business at a site may be interrupted by fire, natural disasters, or a variety of other causes. Mitigation is possible and sought as far as risks can be insured against. Each school also develops its own disaster and crisis policies to minimise these risks and/or lessen the impact should they occur.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Principal Risks and Uncertainties (continued)

Market and demand risks exist for each school individually as well as in total. The income of the NEN Group is ultimately dependent on the number of students it attracts to its individual schools. During the budgeting phase, certain assumptions are made as to the student numbers for the following school year, and the risk exists that student numbers may not be met.

Recruiting of professional staff

NEN Schools require a dedicated number of professionals to teach the curriculum being offered. As the global market for teachers with IB diploma experience is limited, it is a challenge to secure these resources, which could risk disrupting operations. Mitigation of this risk is possible through staff training and retention and attraction programs, and exchange programs within the school network.

Political and other risks

Schools typically operate in a heavily regulated market. Laws and political attitude towards private education may change. These are inherent business risks that are hard to mitigate. NEN observes the political landscape and maintains ties to the relevant governing bodies.



D C Davies
Director

Date: 31 March 2017

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report and audited financial statements of Nobel Education Network Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2016.

Activities and review of business

The principal activity of the Group continued to be that of specialising in educational project development and consulting services in the field of educational development, management and funding.

Results and dividends

The consolidated results for the year are set out on pages 9 and 10.

The directors do not recommend the payment of a dividend.

Directors

The following Directors held office during the period as set out below:

K Berlin (resigned 30 April 2016)
A Burman (resigned 1 May 2016)
J R Forsyth (resigned 1 September 2016)
P S Milnes (resigned 1 May 2016)
D C Davies (appointed 1 May 2016)
K S Nagra (appointed 1 May 2016)
R C Provest (appointed 1 May 2016)

Employees

The Company has continued its policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and we continue to endeavour to retrain any member of staff who develops a disability during employment with the Company.

It is Company policy that there should be effective communication with all employees who, subject to practical and commercial considerations, are consulted and involved in decisions that affect their current job or future prospects.

The Company strives to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company.

Matters covered in the Strategic Report

Disclosure of the Company's and Group's Business Review, Future Developments and Financial Risk Management are provided in the Strategic Report.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Nexia Smith & Williamson be re-appointed as auditors will be put at a General Meeting.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) 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 of the Company and of the profit or loss of the Group for that period.

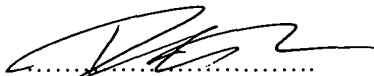
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



D C Davies
Director

Date:.....31 March 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL EDUCATION
NETWORK LIMITED**

We have audited the financial statements of Nobel Education Network Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the group and parent company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.3 to the financial statements concerning the group's ability and parent company's ability to continue as a going concern.

The group incurred a net loss of €12,367,129 and at that date had net current liabilities of €53,234,484 and the parent company incurred a net loss of €25,225,431 and at that date had net current liabilities of €34,660,203.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL EDUCATION
NETWORK LIMITED (CONTINUED)****Emphasis of matter (continued)**

The continuing ability of the group and the parent company to meet their financial obligations as they fall due is dependent on the continuing support of the ultimate parent entity, as the majority of its liabilities are held with them. The ultimate parent entity provided the credit facility to support the growth phase through shareholder loans and although the shareholder loans are repayable on demand, the directors have received confirmation that the ultimate parent entity does not intend to seek repayment of the loans until the parent company and group are in a position to repay the loans without prejudicing their ability to continue trading and meet their debts as they fall due. Furthermore, the directors have prepared forecasts which indicate that a positive cash flow until March 2018. Any shortfalls in these forecasts are expected to be covered by new credit facilities provided by the ultimate parent entity.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group or parent company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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


- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.



Christopher Appleton (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditor

Cumberland House

15-17 Cumberland Place

Southampton

SO15 2BG

Date: 6 : 4 : 17

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 €	2015 €
Continuing operations			
Revenue	2	16,839,910	12,264,668
Cost of sales		(10,893,276)	(10,297,220)
Gross profit		5,946,634	1,967,448
Other income		410,021	143,158
Administrative expenses		(10,962,399)	(11,170,872)
Operating loss	3	(4,605,744)	(9,060,266)
Impairment of loans receivable		(1,400,000)	-
Finance costs	4	(2,944,303)	(2,144,874)
Finance income	5	231,471	182,679
Loss before taxation		(8,718,576)	(11,022,461)
Taxation	7	35,950	(36,058)
Loss for the year from continuing operations		(8,682,626)	(11,058,519)
Discontinued operations			
Loss for the year from discontinued operations	6	(3,684,503)	(3,554,892)
Loss for the year		(12,367,129)	(14,613,411)
Other comprehensive income:			
Exchange rate differences arising on consolidation		1,375,844	470,633
Other comprehensive income for the year net of tax		1,375,844	470,633
Total comprehensive loss for the year		<u>(10,991,285)</u>	<u>(14,142,778)</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 €	2015 €
Loss for the year attributable to:			
Equity holders of the parent company		(11,573,163)	(12,629,049)
Non-controlling interests		(793,966)	(1,984,362)
		<u>(12,367,129)</u>	<u>(14,613,411)</u>
Total comprehensive loss for the year attributable to:			
Equity holders of the parent company		(10,196,875)	(12,158,412)
Non-controlling interests		(794,410)	(1,984,366)
		<u>(10,991,285)</u>	<u>(14,142,778)</u>
Total comprehensive loss attributable to equity holders of the parent company arises from:			
Continuing operations		(8,053,136)	(9,153,169)
Discontinued operations		(2,143,739)	(3,005,243)
		<u>(10,196,875)</u>	<u>(12,158,412)</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 €	2015 €
Assets			
Non-current assets			
Property, plant and equipment	10	12,568,153	12,680,901
Intangible assets	11	316,466	322,637
Investments	12	1	1
Other non-current assets	14	13,792	8,537
Total non- current assets		12,898,412	13,012,076
Current assets			
Inventories	15	226,253	141,033
Trade and other receivables	16	2,716,372	3,515,657
Loans receivable		3,640,474	3,405,673
Current tax		-	42,902
Cash and cash equivalents	17	1,806,435	3,470,234
Total current assets		8,389,534	10,575,499
Total assets		21,287,946	23,587,575
Liabilities			
Current liabilities			
Trade and other payables	18	61,498,646	53,502,251
Provisions for other liabilities and charges	23	125,372	130,425
Total current liabilities		61,624,018	53,632,676
Non-Current liabilities			
Trade and other payables	19	1,961,776	1,153,003
Deferred income tax liabilities	22	1,175,055	1,283,514
Total non-current liabilities		3,136,831	2,436,517
Total liabilities		64,760,849	56,069,193
Net liabilities		(43,472,903)	(32,481,618)

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2016

	Notes	2016 €	2015 €
Equity			
Share capital	24	109,433	109,433
Share premium		5,207,716	5,207,716
Foreign exchange reserve		1,851,160	474,872
Other reserve	25	(24,857)	(24,857)
Retained earnings		(46,033,941)	(34,460,778)
Equity attributable to equity holders of the parent		(38,890,489)	(28,693,614)
Non-controlling interest in equity		(4,582,414)	(3,788,004)
Total equity		(43,472,903)	(32,481,618)

Approved by the Board and authorised for issue on ..31 March 2017



David Davies
 Director

Company registration No. 04887133

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

Attributable to equity shareholders								
Note	Share Capital €	Share premium €	Foreign exchange reserve €	Other reserve €	Retained earnings €	Total €	Non-controlling interest €	Total equity €
At 1 January 2016	109,433	5,207,716	474,872	(24,857)	(34,460,778)	(28,693,614)	(3,788,004)	(32,481,618)
Loss for the year	-	-	-	-	(11,573,163)	(11,573,163)	(793,966)	(12,367,129)
Other comprehensive income	-	-	1,376,288	-	-	1,376,288	(444)	1,375,844
Total comprehensive income for the year	-	-	1,376,288	-	(11,573,163)	(10,196,875)	(794,410)	(10,991,285)
Acquisition of non-controlling interest	13	-	-	-	-	-	-	-
At 31 December 2016	109,433	5,207,716	1,851,160	(24,857)	(46,033,941)	(38,890,489)	(4,582,414)	(43,472,903)
At 1 January 2015	109,433	5,207,716	4,235	(24,857)	(19,490,077)	(14,193,550)	(2,982,567)	(17,176,117)
Loss for the year	-	-	-	-	(12,629,049)	(12,629,049)	(1,984,362)	(14,613,411)
Other comprehensive income	-	-	470,637	-	-	470,637	(4)	470,633
Total comprehensive loss for the year	-	-	470,637	-	(12,629,049)	(12,158,412)	(1,984,366)	(14,142,778)
Acquisition of non-controlling interest	-	-	-	-	(2,341,652)	(2,341,652)	1,178,929	(1,162,723)
At 31 December 2015	109,433	5,207,716	474,872	(24,857)	(34,460,778)	(28,693,614)	(3,788,004)	(32,481,618)

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 €	2015 €
Cash flows from operating activities			
Loss before taxation including discontinued operations		(12,403,079)	(14,577,353)
Adjustments for:			
Finance costs		2,999,857	2,146,578
Finance income		(231,471)	(182,679)
Impairment of loans receivable		1,400,000	-
Exchange rate differences		2,063,153	1,409,863
Bad debt		112,560	546,752
Depreciation & amortisation		957,850	865,321
Loss on disposal of property, plant and equipment		37,840	167,049
(Increase) / decrease in inventories		(85,220)	29,621
Decrease in receivables		681,470	1,134,611
(Decrease) / increase in payables		(1,885,407)	2,842,436
Cash outflows from operations		(6,352,447)	(5,617,801)
Interest paid		-	(10,389)
Taxes paid		(29,607)	(48,935)
Net cash outflows from operating activities		(6,382,054)	(5,677,125)
Cash flows from investing activities			
Interest received		18,961	14,076
Loans advanced		(1,422,291)	(3,497,856)
Purchase of property, plant and equipment		(1,737,106)	(1,743,015)
Proceeds from the sale of property, plant and equipment		738,121	79,430
Purchase of intangible fixed assets		(1,672)	(6,105)
Net cash outflows from investing activities		(2,403,987)	(5,153,470)

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

**CONSOLIDATED CASH FLOW STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 €	2015 €
Cash flows from financing activities			
Loans advanced by shareholders		6,520,427	15,283,453
Cash paid to acquire the non-controlling interest		-	(1,162,723)
Loans (repaid to) / advanced by the non-controlling interest		445,315	(164,652)
Other loans received / (repaid)		191,324	(466,616)
		<hr/>	<hr/>
Net cash inflows from financing activities		7,157,066	13,489,462
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(1,628,975)	2,658,867
Cash and cash equivalents at the beginning of the financial year		3,470,234	640,551
Exchange gains losses on cash and cash equivalents		(34,824)	170,816
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	17	1,806,435	3,470,234
		<hr/> <hr/>	<hr/> <hr/>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		2016 €	2015 €
Non-current assets	Notes		
Property, plant and equipment	10	-	3,678
Investments	12	4,902,273	8,466,295
Total non-current assets		4,902,273	8,469,973
Current assets			
Trade and other receivables	16	21,152	136,993
Due from group companies		13,610,655	23,320,043
Cash and cash equivalents	17	428,649	2,420,150
Total current assets		14,060,456	25,877,186
Total assets		18,962,729	34,347,159
Current liabilities			
Trade and other payables	18	48,720,659	38,879,658
Total current liabilities		48,720,659	38,879,658
Non-current liabilities			
Non-current borrowings	19	-	-
Total non-current liabilities		-	-
Total liabilities		48,720,659	38,879,658
Net liabilities		(29,757,930)	(4,532,499)
Capital and reserves			
Share capital	24	109,433	109,433
Share premium		5,207,716	5,207,716
Retained earnings		(35,075,079)	(9,849,648)
Total equity		(29,757,930)	(4,532,499)

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF FINANCIAL POSITION (continued) AS AT 31 DECEMBER 2016

The company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its own profit and loss account. Of the group's loss after taxation for the financial year €25,225,431 (2015: €3,326,701) is dealt with in the accounts of the parent company.

Approved by the Board and authorized for issue on ...*31 March 2017*



David Davies
Director

Company registration No. 04887133

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital €	Share premium €	Retained earnings €	Total equity €
As at 1 January 2016	109,433	5,207,716	(9,849,648)	(4,532,499)
Total comprehensive losses	-	-	(25,225,431)	(25,225,431)
At 31 December 2016	109,433	5,207,716	(35,075,079)	(29,757,930)

	Share capital €	Share premium €	Retained earnings €	Total equity €
As at 1 January 2015	109,433	5,207,716	(6,522,947)	(1,205,798)
Total comprehensive losses	-	-	(3,326,701)	(3,326,701)
At 31 December 2015	109,433	5,207,716	(9,849,648)	(4,532,499)

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

COMPANY CASH FLOW STATEMENT AS AT 31 DECEMBER 2016

	Note	2016 €	2015 €
Cash flow from operating activities			
Loss before tax		(25,225,431)	(3,326,701)
Adjustments for items not requiring an outlay of funds:			
Amounts written off investments and loans receivable		21,585,690	-
Finance cost		2,926,332	2,136,189
Finance income		(1,863,728)	(1,521,507)
Depreciation of property, plant and equipment		2,148	7,473
Loss on disposal of fixed assets		1,530	-
Exchange rate differences		465,380	621,641
Bad debt		17,850	302,404
Decrease in trade and other receivables		97,991	32,077
Increase in receivables from subsidiaries		-	(450,000)
Decrease in trade and other payables		(98,715)	(16,742)
Cash used in operations		(2,090,953)	(2,215,166)
Interest paid		-	-
Net cash used in operating activities		(2,090,953)	(2,215,166)
Investing activities			
Purchase of property, plant and machinery		-	-
Interest received		7	72,435
Cash paid for investments		(2,409,500)	(2,228,462)
Loans to subsidiaries and fellow group companies		(3,976,658)	(8,804,577)
Net cash used in investing activities		(6,386,151)	(10,960,604)
Financing activities			
Loans from shareholders		6,520,427	15,350,490
Net cash from financing activities		6,520,427	15,350,490
(Decrease)/increase in cash and cash equivalents		(1,956,677)	2,174,720
Cash and cash equivalents at beginning of period		2,420,150	74,614
Exchange gains on cash and cash equivalents		(34,824)	170,816
Cash and cash equivalents at end of period	17	<u>428,649</u>	<u>2,420,150</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1. Accounting policies

Nobel Education Network Limited is a private limited company limited by shares incorporated in England and Wales. The address of the registered office is Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ.

The group financial statements for the year ended 31 December 2016 consolidate those of the company and its subsidiaries (together referred to as the “group”). The parent company financial statements present information about the company as a separate entity and not about its group.

The group has adopted the accounting policies set out below in preparation of the consolidated financial statements for the year ended 31 December 2016. These policies have been applied consistently to all years presented unless otherwise stated.

1.1 Basis of preparation

The group financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“Adopted IFRSs”).

The parent company’s financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“Adopted IFRSs”), and in accordance with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The group classifies entities over which it exercises control as subsidiaries, entities over which it holds significant influence as associates and all other investments as equity investments.

All business combinations are accounted for using the acquisition method of accounting.

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

1.3 Going concern

At 31 December 2016, the Group had net current liabilities of €53,234,484 and the parent company net current liabilities of €34,660,203. Despite the Group and parent company continuing to incur losses, which were €12,367,129 and €25,225,431 for the year respectively, these losses are in line with expectations for the growth phase.

The continuing ability of the Group and the parent company to meet their financial obligations as they fall due is dependent on the continuing support of the ultimate parent entity, as the majority of its liabilities are held with them. The ultimate parent entity provided the credit facility to support the growth phase through shareholder loans and although the shareholder loans are repayable on demand, the directors have received confirmation that the ultimate parent entity does not intend to seek repayment of the loans until the parent company and group are in a

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.3 Going concern (continued)

position to repay the loans without prejudicing their ability to continue trading and meet their debts as they fall due. Furthermore, the directors have prepared forecasts which indicate that a positive cash flow is expected until March 2018. Any shortfalls in these forecasts are expected to be covered by new credit facilities provided by the ultimate parent entity.

The directors have concluded that these conditions represent a material uncertainty that casts significant doubt upon the group and parent company's ability to continue as a going concern and that, therefore, the group and parent company may be unable to realise their assets and discharge their liabilities in the normal course of business. However, based on the continuing support of the ultimate parent entity discussed above, the directors have a reasonable expectation that the group and parent company both have adequate resources to continue in operational existence for the foreseeable future. As such the directors consider it appropriate to prepare the group and parent company accounts on a going concern basis. The financial statements do not include the adjustments that would result if either the group or parent company was unable to continue as a going concern

1.4 Revenue recognition

Revenue represents amounts receivable for services, net of sales taxes and discounts and is recognised as follows:

- Management fees should be recognised evenly over the year
- School fees are recognised on a straight line basis over the number of teaching months in the school year and recognised over the months in which the pupils are receiving tuition.
- Fees for summer school and other short courses are recognised at the time of the course.

1.5 Intangible fixed assets – goodwill

Goodwill arising on the acquisition of subsidiary companies represents the excess of the fair value of the consideration given over the fair value of the group's share of the net identifiable assets acquired less a provision for impairment. Goodwill is considered to have an indefinite useful life.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.6 Intangible fixed assets – licenses

Licenses are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of each asset over its expected useful life, using the straight line method as follows:

Software licenses	3 years
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1.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.8 Investments in subsidiaries

Investments are stated at cost less any provision for impairment.

1.9 Property, plant and equipment

Buildings, property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, using the straight line method as follows:

Land	not depreciated
Buildings	5 – 20 years
Leasehold improvements	over the remaining lease term
Fixtures and fittings	5 years
Office equipment and computers	3 - 10 years
Plant and machinery	3 - 10 years

Assets under construction are not depreciated until they are brought into use

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Interest income on cash and cash equivalents is accounted for on an accruals basis using the effective interest rate method.

1.11 Financial Instruments

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The group does not hold any financial instruments other than those classified as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.11 Financial Instruments (continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.12 Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Euros, which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

The exchange rates prevailing at the year end date were as follows:

€1 = \$1.05197	(2015: €1 = \$1.09264)
€1 = 25,000 VND	(2015: €1 = 25,000 VND)
€1 = 3.7153 TRY	(2015: €1 = 3.18431 TRY)
€1 = 0.4072 OMR	(2015: €1 = 0.42212 OMR)

1.13 Taxation

Tax on the profit or loss for the periods presented comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the financial reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

1.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged against income on a straight line basis. Irrecoverable sales tax on rental expenses is recognised as it arises.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.15 Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

The adoption of the following Standards and Interpretations issued by the International Accounting Standards Board (IASB) that were effective for the current year has not had a material impact on the financial statements of the Group or the Company:

Name of new Standards/amendments	Effective date
IAS 1 Presentation of Financial Statements: Amendments resulting from the disclosure initiative	1 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Amendments regarding acceptable methods of depreciation and amortisation	1 January 2016
IAS 27 Separate Financial Statements: Amendment to allow equity method in separate financial statements	1 January 2016
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Amendments resulting from September 2014 Annual Improvement to IFRSs	1 January 2016
IFRS 7 Financial Instruments: Disclosures: Amendments resulting from September 2014 Annual Improvement to IFRSs	1 January 2016

b) New standards and interpretations not yet adopted

At the date of authorization of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Name of new Standards/amendments	Effective date
IAS 7 Statement of Cash Flows: Amendments resulting from the disclosure initiative	1 January 2017
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019

The directors are currently considering the potential impact of the adoption of IFRS 9 and IFRS 16 on the financial statements of the Group and the Company, but the directors do not believe that the adoption at any time in the future of the remaining Standards above will have any material impact on the amounts reported in these financial statements.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.16 Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors which include expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

a) Goodwill

The group follows the requirements of IAS 36 – Impairment of Assets and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 1.5 above and goodwill in note 11 below). This determination requires significant judgement. In making this judgement, the group estimates the recoverable amount of the cash generating units to which goodwill has been allocated based on value-in-use calculations. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. For the purpose of impairment testing, goodwill has been allocated to the company's subsidiaries.

b) Depreciation, useful lives and residual values of property, plant & equipment

The directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of comprehensive income and the carrying values of the property, plant & equipment in the statement of financial position.

c) Fair value of plant, property and equipment

The directors have reviewed the carrying values of the group's plant, property and equipment, and conclude that no impairment is required.

d) Impairment of investments, loans receivable and intercompany debtors

The carrying values of investments, loans receivable and intercompany debtors are reviewed for impairment only when events indicate the carrying value may be impaired. Impairment indicators include both internal and external factors. Where impairment indicators are present, the recoverable amount of assets are measured. Asset recoverability requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets. In the year Group loans receivable have been impaired by €1,400,000 (2015 - €Nil), investments held by the Company have been impaired by €5,973,522 (2015 - €Nil) and amounts due from group companies to the Company have been impaired by €15,612,168 (2015 - €5,652).

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Revenue

An analysis of the group's revenue from continuing operations is as follows

	2016 €	2015 €
Revenue from the provision of educational services	16,839,910	12,264,668

3. Loss

	2016 €	2015 €
The loss for the year is stated after charging:		
Depreciation on property, plant and equipment	950,565	858,365
Amortisation of intangible fixed assets	7,285	6,773
Amounts recognised in respect of operating leases	2,379,763	3,338,493
Cost of inventories recognised as an expense	1,237,502	407,581
Impairment of inventories	-	49,975
Impairment of trade receivables	112,560	607,604
Losses on foreign currency	2,780,696	1,530,743

	2016 €	2015 €
Audit Services		
Fees payable to group's auditor for the audit of the financial statements	47,209	50,887
Fees payable to the group's auditor for the audit of subsidiary companies	7,042	10,177
Non-audit services	-	-

4. Finance costs

	2016 €	2015 €
Interest expense	2,944,303	2,144,874

5. Finance income

	2016 €	2015 €
Interest income	231,471	182,679

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

6. Discontinued Operations

The operations relating to the school in Turkey have been presented as discontinued following the approval of the group's management and shareholders in April 2016 to close the school due to issues relating to the property that were not possible to overcome. The school closed at the end of the academic year in June 2016 and has subsequently obtained Ministry of Education approval for closure.

	2016 €	2015 €
Revenue	1,660,230	1,384,913
Cost of sales	(993,886)	(1,483,602)
Gross profit	666,344	(98,689)
Administrative expenses	(4,295,293)	(3,454,498)
Operating loss	(3,628,949)	(3,553,187)
Finance costs	(55,554)	(1,705)
Loss before tax on discontinued operations	(3,684,503)	(3,554,892)
Tax	-	-
Loss for the year on discontinued operations	(3,684,503)	(3,554,892)
Summary statement of cash flows		
Cash flow from operating activities	(2,524,261)	(1,870,992)
Cash flow from investing activities	715,131	(142,517)
Cash flow from financing activities	1,564,165	2,076,474
Net (decrease) / increase in cash	(244,965)	62,965
Cash and cash equivalents at the beginning of the year	261,677	198,712
Cash and cash equivalents at the end of the year	16,712	261,677

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Taxation

	2016 €	2015 €
Current income tax expense on loss for the year	72,509	6,033
Current income tax expense on loss on discontinued operations	-	-
Adjustment for prior years	-	-
Deferred tax (credit) / charge: origination and reversal of temporary timing differences	(108,459)	30,025
Total tax (income) / expense in the income statement	<u>(35,950)</u>	<u>36,058</u>
Factors affecting the tax charge for the year:		
Loss on ordinary activities before tax	<u>(8,718,576)</u>	<u>(11,022,461)</u>
Loss on ordinary activities multiplied by the Overall tax rate (see below)	<u>(1,743,715)</u>	<u>(2,232,048)</u>
Effects of:		
Non-deductible expenses	635,537	126,563
Non-taxable differences	(7,126)	(257)
Tax losses not recognised	1,241,284	1,801,094
Rates differences	(5,024)	-
Other tax effects	(156,546)	340,706
Total tax (charge)/credit	<u>(35,590)</u>	<u>36,058</u>

The company was tax resident in Germany, for the period to 30 April 2016 and prior periods. On 1 May 2016, the company became UK tax resident. The directors believe that for the current year it would not be appropriate to present this note by reference to the effective rate of German taxation. Instead, the directors have adopted the effective rate of UK corporation tax. The effective rate of taxation for 2016 is 20.00% (2015 – 20.25%).

At 31 December 2016 the group had operating losses carried forward in respect of which no deferred tax assets are recognised amounting to €18.8M (2015 - €17.6M). The main tax losses were sustained in United Kingdom (€2.4M – 2015 €Nil), Germany (€Nil – 2015 €3.7M), Turkey (€9.3M – 2015 €6.2M), Portugal (€0.3M – 2015 €2.3M), and Vietnam (€6.2M – 2015 €5.4M).

The directors do not consider it appropriate to recognise any deferred tax asset in these accounts to reflect any potential benefit arising from such tax losses as at 31 December 2016, as the directors are unable to predict with any certainty when such losses might be used. Some of the losses sustained by the group have a fixed duration. In Turkey and Vietnam the losses carried forward expire after five years. In Portugal tax losses expire after 12 years (extended from 5 years before 2014).

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

8. Staff numbers and costs

	Group		Company	
	2016	2015	2016	2015
	Number	Number	Number	Number
Average number of employees during the year:				
- Academic staff	250	250	-	-
- Non-academic staff	114	115	1	6
	<u>364</u>	<u>365</u>	<u>1</u>	<u>6</u>

Staff costs including directors:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Wages and salaries	10,047,635	10,209,211	15,364	393,312
Social security costs	1,673,689	1,608,936	2,036	58,331
	<u>11,721,324</u>	<u>11,818,147</u>	<u>17,400</u>	<u>451,643</u>

9. Directors' emoluments

	2016	2015
	€	€
<u>Emoluments for qualifying services:</u>		
Aggregate directors' remuneration	29,656	172,250
	<u>29,656</u>	<u>172,250</u>

Some of the directors are remunerated through other group companies and it is not possible to split out their emoluments in relation to services to the company.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Property, plant and equipment

a) The Group

	Land & buildings €	Leasehold improvements €	Plant & machinery €	Fixtures & fittings €	Total €
Cost					
At 1 January 2016	11,560,277	1,216,635	1,456,623	633,580	14,867,115
Additions	262,426	1,076,832	339,790	58,058	1,737,106
Disposals	-	(919,261)	(44,588)	(204,823)	(1,168,672)
Reclassification	3,459	455	(3,914)	-	-
Exchange rate differences	-	(147,419)	2,117	(10,682)	(155,984)
At 31 December 2016	11,826,162	1,227,242	1,750,028	476,133	15,279,565
Depreciation					
At 1 January 2016	1,107,146	226,138	618,065	234,865	2,186,214
Charge for the year	446,045	100,220	280,586	123,714	950,565
Disposals	-	(253,487)	(31,807)	(107,716)	(393,010)
Impairment	-	-	-	-	-
Reclassification	6,689	318	(7,007)	-	-
Exchange rate differences	-	(30,356)	789	(2,790)	(32,177)
At 31 December 2016	1,559,880	42,833	860,626	248,073	2,711,412
Net book value					
At 31 December 2016	10,266,282	1,184,409	889,402	228,060	12,568,153
At 31 December 2015	10,453,131	990,497	838,558	398,715	12,680,901

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Property, plant and equipment (continued)

a) The Group (continued)

	Land & buildings €	Leasehold improvements €	Plant & machinery €	Fixtures & fittings €	Total €
Cost					
At 1 January 2015	10,781,838	1,147,583	1,210,458	390,735	13,560,612
Additions	962,391	195,840	371,230	235,734	1,765,195
Disposals	(183,952)	-	(129,985)	-	(313,935)
Exchange rate differences	-	(126,788)	4,920	7,111	(114,757)
	<u>11,560,277</u>	<u>1,216,635</u>	<u>1,456,623</u>	<u>633,580</u>	<u>14,867,115</u>
At 31 December 2015					
Depreciation					
At 1 January 2015	761,548	130,226	389,426	108,035	1,389,235
Charge for the year	373,191	115,595	267,609	101,970	858,365
Disposals	(27,593)	-	(39,864)	-	(67,457)
Exchange rate differences	-	(19,683)	894	24,860	6,071
	<u>1,107,146</u>	<u>226,138</u>	<u>618,065</u>	<u>234,865</u>	<u>2,186,214</u>
At 31 December 2015					
Net book value					
At 31 December 2015	<u>10,453,131</u>	<u>990,497</u>	<u>838,558</u>	<u>398,715</u>	<u>12,680,901</u>
At 31 December 2014	<u>10,020,290</u>	<u>1,017,357</u>	<u>821,032</u>	<u>282,700</u>	<u>12,141,377</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Property, plant and equipment (continued)

a) The Group (continued)

The group's tangible fixed assets include the following amounts where the group is a lessee under a finance lease:-

	2016 €	2015 €
Cost-capitalised finance lease	706,841	428,395
Accumulated depreciation	(340,539)	(161,320)
Net book value	366,302	267,075

b) The Company

	Fixtures, & fittings €	Office equipment €	Total €
Cost			
At 1 January 2016	38,139	16,649	54,788
Disposals	(38,139)	(16,649)	(54,788)
At 31 December 2016	-	-	-
Depreciation			
At 1 January 2016	35,097	16,013	51,110
Charge for the period	1,512	636	2,148
Disposals	(36,609)	(16,649)	(53,258)
At 31 December 2016	-	-	-
Net book value at 31 December 2016	-	-	-
Net book value at 31 December 2015	3,042	636	3,678

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Property, plant and equipment (continued)

b) The Company (continued)

	Fixtures, & fittings €	Office equipment €	Total €
Cost			
At 1 January 2015 and 31 December 2015	38,139	16,649	54,788
Depreciation			
At 1 January 2015	28,545	15,092	43,637
Charge for the period	6,552	921	7,473
At 31 December 2015	35,097	16,013	51,110
Net book value at 31 December 2015	<u>3,042</u>	<u>636</u>	<u>3,678</u>
Net book value at 31 December 2014	<u>9,594</u>	<u>1,557</u>	<u>11,151</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Intangible non-current assets

	Software licenses €	Goodwill €	Other €	Total €
Cost				
At 1 January 2016	24,431	337,074	-	361,505
Additions	1,672	-	-	1,672
Disposal	(5,392)	-	-	(5,392)
Exchange rate differences	(899)	-	-	(899)
At 31 December 2016	19,812	337,074	-	356,886
Amortisation and impairment				
At 1 January 2016	12,885	25,983	-	38,868
Amortisation charge for the year	7,285	-	-	7,285
Disposal	(5,093)	-	-	(5,093)
Exchange rate differences	(640)	-	-	(640)
At 31 December 2016	14,437	25,983	-	40,420
Net book value 31 December 2016	5,375	311,091	-	316,466
Cost				
At 1 January 2015	7,076	337,074	12,035	356,185
Additions	6,105	-	-	6,105
Reclassifications	12,035	-	(12,035)	-
Exchange rate differences	(785)	-	-	(785)
At 31 December 2015	24,431	337,074	-	361,505
Amortisation and impairment				
At 1 January 2015	2,680	25,983	3,849	32,512
Amortisation charge for the year	6,773	-	-	6,773
Reclassifications	3,849	-	(3,849)	-
Exchange rate differences	(417)	-	-	(417)
At 31 December 2015	12,885	25,983	-	38,868
Net book value 31 December 2015	11,546	311,091	-	322,637

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Intangible non-current assets (continued)

Amortisation is included in 'administration expenses' in the Statement of Comprehensive Income.

Goodwill with carrying value of €307,343 is allocated to the cash generating units situated in Vietnam. The recoverable amount was determined based on value in use and was determined at the cash generating unit level which is based on financial budgets approved by the directors.

When determining the value in use management has forecast revenue growth of 10% per annum, that following growth of the student population cost of sales will diminish gradually to 35% of revenue. The forecasts used cover a period to 2019, the discount rate used was 18% and a growth rate of 1%.

The directors' assessment of the future outlook is based on their best estimates and they believe that it is unlikely that any significant variation in the above assumptions would significantly affect the recoverable amount of goodwill.

12. Investments

a) The Group

	Unlisted Investments €
Cost	
As at 1 January 2015, 31 December 2015 and 31 December 2016	20,000
	<hr/>
Impairment	
As at 1 January 2015, 31 December 2015 and 31 December 2016	19,999
	<hr/>
Net book value	
As at 31 December 2016	1
	<hr/> <hr/>
Net book value	
As at 31 December 2015 and 31 December 2014	1
	<hr/> <hr/>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. Investments (continued)

Directly held subsidiaries

<i>Company</i>	<i>Registered office</i>	<i>Shares held by the Group</i>	<i>Shares held by the non-controlling interest</i>
Deutsche Auslandsschulen AG	Paul-Lincke-Ufer 7c, 10999 Berlin, Germany	100%	-
Themes Vienna Limited	8 th Floor, 6 New Street Square, London, EC4A 3AQ, UK	100%	-
Themes Vienna Limited & Co KG	Bastiengasse 36-38, Haus 3, 1180 Wien, Austria	74.68%	25.32%
Vietnam Educational Development Company Limited	Portcullis Trustnet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	100%	-
Ecubal – Empresa Cultural Barros Brancos S.A.	Barros Brancos, Casa S. Vicente, Lagoa, Portugal	100%	-
Nobel Uluslararası Özel Eğitim Hizmetleri Ticaret A.Ş	34330 1.Levent/Besiktas, Istanbul, Turkey	100%	-
Nobel Education Network LLC *	Muscat Gov./ Ba-wshar/S., Alkhuwair, Oman	60%	40%

Indirectly held subsidiaries

<i>Company</i>	<i>Registered office</i>	<i>Shares held by the Group</i>	<i>Shares held by the non-controlling interest</i>
European International Education Service Co. Limited	730F-730G-730K, Le Van Mien, Thao Dien, District 2, Ho Chi Minh City, Vietnam	100%	-
Totalguia, Lda	Barros Brancos, Casa S. Vicente, Lagoa, Portugal	100%	-
Sinproal, Lda	Barros Brancos, Casa S. Vicente, Lagoa, Portugal	100%	-
Empresa Nova de Educação SA	Barros Brancos, Casa S. Vicente, Lagoa, Portugal	100%	-
Bridges Turkey Özel Eğitim Hizmetleri Ticaret A.Ş	34330 1.Levent/Besiktas, Istanbul, Turkey	100%	-
Nobel Education Services LLC *	Muscat Gov./ Ba-wshar/S., Alkhuwair, Oman	60%	40%

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. Investments (continued)

Indirectly held subsidiaries (continued)

* The Company owns 60% of the issued share capital in Nobel Education Network LLC ("NEN Oman"). The remaining 40% of shares are owned by a minority partner. Under the terms of a shareholders' agreement ("the SHA") dated 14 January 2016 between NEN Oman, the Company, the minority partner and Nobel Education Services LLC ("NES"), the parties agreed that NEN Oman would acquire 99% of the share capital of NES. A number of other matters were included in the SHA including the further capitalisation of NES. No further consideration is due or payable by NEN in respect of this transaction.

The parties have implemented many of their obligations under the SHA (including the further capitalisation which completed in September 2016) but at the date of signing of these consolidated financial statements, the transfer of legal title in the issued shares to reflect NEN Oman's 99% interest is yet to be effected.

All parties above consider NES to be a subsidiary of NEN Oman and the commencement or completion of other obligations under the SHA are indicative of this. In the opinion of the directors, whilst the transfers of the original shares in NES has not yet been perfected and legal title cannot definitively be said to have passed to NEN Oman, the substance of the SHA and parties' actions subsequent are clear indicators that NES is an indirect subsidiary of the Company and accordingly this entity's financial performance and financial position have been included in the consolidated financial statements of the Company.

Indirectly held investments

<i>Company</i>	<i>Registered office</i>	<i>Shares held by the group</i>
Amadeus Vienna Campus Eigentümergeellschaft GmbH	Graben 12, 1010 Vienna Austria	22.1%

The directors have considered the substance of this investment and concluded that no significant influence arises.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. Investments (continued)

Nature of business activities	
Deutsche Auslandsschulen AG	Management of educational funds
Themes Vienna Limited	Operation of a school by management agreement
Themes Vienna Limited & Co KG	Operation of a school
Amadeus Vienna Campus Eigentümergesellschaft GmbH	Property development
Vietnam Educational Development Company Limited	Holding company
European International Education Service Co. Limited	Operation of a school
Ecubal – Empresa Cultural Barros Brancos S.A.	Operation of a school
Totalguia, Lda	School shop
Sinproal, Lda	Catering services
Empresa Nova de Educação SA	Land owner
Nobel Uluslararası Özel Eğitim Hizmetleri Tic. A.Ş	Holding company
Bridges Turkey Özel Eğitim Hizmetleri Ticaret A.Ş	Operation of a school
Nobel Education Network LLC	Holding company
Nobel Education Services LLC	Operation of a school

Subsidiaries

Non-controlling interest in subsidiaries: -

	2016	2015
	€	€
Themes Vienna Limited & Themes Vienna Limited & Co KG ("Austria")	(4,422,422)	(3,704,843)
Nobel Education Network LLC & Nobel Education Service LLC ("Oman")	16,321	93,152

Summary statement of financial position

	Austria		Oman	
	2016	2015	2016	2015
	€	€	€	€
Current				
Assets	4,888,363	3,937,970	369,254	171,632
Liabilities	(12,762,977)	(12,191,757)	(2,502,110)	(1,081,653)
Current net liabilities	<u>(7,874,614)</u>	<u>(8,253,787)</u>	<u>(2,132,856)</u>	<u>(910,021)</u>
Non-current				
Assets	663,202	745,344	1,339,492	321,793
Liabilities	(128,195)	(151,338)	-	-
Non-current net assets	<u>535,007</u>	<u>594,006</u>	<u>1,339,492</u>	<u>321,793</u>
Net Liabilities	<u>(7,339,607)</u>	<u>(7,659,781)</u>	<u>(793,364)</u>	<u>(588,228)</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. Investments (continued)

Summary statements of comprehensive income

	<u>Austria</u>		<u>Oman</u>	
	2016	2015	2016	2015
	€	€	€	€
Revenue	5,613,754	3,437,570	1,485,228	962,295
Profit before tax	(2,088,236)	(3,954,666)	(171,747)	(274,399)
Net profit	(2,089,808)	(3,955,845)	(171,747)	(274,399)
Other comprehensive income	-	-	(20,331)	5
Total comprehensive income	(2,089,808)	(3,955,845)	(192,078)	(274,394)
Total comprehensive income allocated to the non-controlling interests	(717,579)	(1,772,613)	(76,831)	(109,757)

Summary statements of cashflows

	<u>Austria</u>		<u>Oman</u>	
	2016	2015	2016	2015
	€	€	€	€
Cashflow from operating activities	(1,871,515)	(1,978,350)	185,065	85,021
Cashflow from investing activities	(109,346)	(1,561,311)	(1,126,897)	(203,624)
Cashflow from financing activities	2,011,895	3,718,975	1,111,969	226,586
Net increase in cash	31,034	179,314	170,137	107,983
Cash and cash equivalents at the beginning of the year	281,198	101,884	134,362	34,078
Exchange losses on cash and cash equivalents	-	-	4,934	(7,699)
Cash and cash equivalents at the End of the year	312,232	281,198	309,433	134,362

The information above is stated before intercompany eliminations between the location and the rest of the group.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. Investments (continued)

Subsidiaries (continued)

Themes Vienna & Co KG is a limited partnership registered in Austria. Its business address is Bastiengasse 36-38, 1180 Vienna, Austria. This partnership has been fully consolidated into the consolidated financial statements of NEN Group.

b) The Company	Unlisted Investments €
Cost	
As at 1 January 2016	8,547,312
Additions	2,409,500
	<hr/>
As at 31 December 2016	10,956,812
	<hr/>
Impairment	
As at 1 January 2016	81,017
Impairment	5,973,522
	<hr/>
As at 31 December 2016	6,054,539
	<hr/>
Net book value	
As at 31 December 2016	4,902,273
	<hr/> <hr/>
Cost	
As at 1 January 2015	6,285,393
Additions	2,261,919
	<hr/>
As at 31 December 2015	8,547,312
	<hr/>
Impairment	
As at 1 January 2015 and 31 December 2015	81,017
	<hr/>
Net book value	
As at 31 December 2015	8,466,295
	<hr/> <hr/>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Effects of changes in ownership of subsidiaries

Increase in ownership of subsidiaries

In January 2016 Nobel Education Network Limited ("NEN") acquired an additional 6.39% of members capital in Themes Vienna & Co KG ("TVKG") for consideration of €1,237,500. Following this acquisition the group held an interest in TVKG of 61.78%.

In May 2016 NEN acquired an additional 12.9% of members capital in TVKG for consideration of €1,172,000. Following this acquisition the group held an interest in TVKG of 74.68%.

As a limited partnership, the additional investments entitle NEN to increased future profits/losses only and hence no impact on the non-controlling interest was recognised at the time of the transactions.

14. Other non-current assets

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Other non-current assets	13,792	8,537	-	-
	<u>13,792</u>	<u>8,537</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

All financial assets included above are classified as loans and receivables.

15. Inventories

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Inventories of school supplies	226,253	141,033	-	-
	<u>226,253</u>	<u>141,033</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. Trade and other receivables	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Trade receivables	1,691,211	1,082,342	-	17,850
Other receivables	149,030	250,121	-	47,217
Advances & deposits	161,638	174,162	9,385	21,814
Taxes and social security	119,533	739,320	11,767	2,301
Prepayments and accrued income	594,960	1,269,712	-	47,811
	<u>2,716,372</u>	<u>3,515,657</u>	<u>21,152</u>	<u>136,993</u>

In neither the Group nor the Company were any trade or other receivables overdue at the balance sheet date. Trade receivables are stated after provision for doubtful debts of €266,003 (2015 - €153,443). The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The trade and other receivables included in the above as well as the advances & deposits are financial instruments classified as loans and receivables.

17. Cash and cash equivalents	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Cash at bank and in hand	<u>1,806,435</u>	<u>3,470,234</u>	<u>428,649</u>	<u>2,420,150</u>

Cash at bank in hand is a financial asset and is classified as loans and receivables.

18. Current liabilities	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Trade payables	724,335	434,380	34,821	8,369
Taxes and social security	373,676	1,261,460	-	-
Finance lease liabilities	57,338	36,967	-	-
Shareholder loans	48,726,814	38,912,184	48,561,957	38,622,241
Other loans payable	192,276	111,521	-	-
Other payables	2,347,925	2,098,957	37,726	41,448
Accruals and deferred income	9,076,282	10,646,782	86,155	207,600
	<u>61,498,646</u>	<u>53,502,251</u>	<u>48,720,659</u>	<u>38,879,658</u>

The trade and other payables, finance lease liabilities, advances and loans included in the above are financial liabilities classified as other financial liabilities held at amortised cost.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19. Non-current liabilities

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Shareholder loans	579,402	-	-	-
Other loans repayable	1,052,828	805,126	-	-
Finance lease liabilities	205,995	184,016	-	-
Other non-current liabilities	123,551	163,861	-	-
	<u>1,961,776</u>	<u>1,153,003</u>	<u>-</u>	<u>-</u>

The finance lease liabilities and loans included in the above are financial liabilities classified as other financial liabilities held at amortised cost.

20. Borrowings

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Bank borrowings	600,000	163,033	-	-
Shareholder loans	49,306,216	38,912,184	48,561,957	38,622,241
Others	645,104	753,614	-	-
	<u>50,551,320</u>	<u>39,828,831</u>	<u>48,561,957</u>	<u>38,622,241</u>

21. Loan maturity analysis

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Repayable in less than one year	48,919,090	39,023,704	48,561,957	38,622,241
Repayable between two and five years	787,334	805,127	-	-
Repayable in more than five years	844,896	-	-	-
	<u>50,551,320</u>	<u>39,828,831</u>	<u>48,561,957</u>	<u>38,622,241</u>

Included in loans payable are loans of €63,324 (2015: €63,033) which are secured on the group's land and buildings situated in Portugal.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. Deferred tax liability

	Group €	Company €
As at 1 January 2016	1,283,514	-
Profit and Loss	(108,459)	-
	<hr/>	<hr/>
As at 31 December 2016	<u>1,175,055</u>	<u>-</u>

The full deferred tax liability relates to the fair value surplus on the consolidated balance sheet in relation to the land and buildings. The surplus arose in relation to the difference between the fair value of the land and buildings on acquisition and the value at which the individual subsidiaries report these assets, and reduces as these assets are depreciated.

23. Provisions and other liabilities and charges

	Severance allowance €	Legal claims €	Total Group €
As at 1 January 2016	80,425	50,000	130,425
Profit and Loss	44,947	(50,000)	(5,053)
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	<u>125,372</u>	<u>-</u>	<u>125,372</u>

In 2015 it was announced that the school in Vietnam would be restructuring its operations. Whilst the school will remain operational, the Group intends to make 83 employees redundant, as they are no longer required by the Group. The provision is expected to be fully utilised by 31 December 2017.

24. Share capital

	2016 €	2015 €
Allotted, called up and fully paid:		
94,109 Ordinary shares of £1 each	109,433	109,433
	<hr/>	<hr/>
	<u>109,433</u>	<u>109,433</u>

7,000 shares were translated at the rate of £1 = €1.45201
 13,460 shares were translated at the rate of £1 = €1.15734
 61,380 shares were translated at the rate of £1 = €1.125556
 12,269 shares were translated at the rate of £1 = €1.190317

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

25. Reserves

Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative effect of foreign exchange movements from the translation of subsidiaries into the presentation currency of Euros.

Other reserve

The balance in this reserve comprises the group's share of the transaction costs incurred by Themes Vienna & Co KG when issuing capital in the year ended 31 December 2011.

Retained earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

26. Obligations under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Within one year	1,932,024	1,759,290	-	-
Between one and five years	8,082,049	7,774,245	-	-
After five years	22,618,648	16,908,175	-	-
	<u>32,632,721</u>	<u>26,441,710</u>	<u>-</u>	<u>-</u>

The group rents the school premises in Vienna and Oman under operating leases. These leases expire in 2034, 2025, 2022, 2018 and 2017.

The leases on the property in Vietnam are subject to rental increases during their life. These rental increases are to be determined based on the market rents at the time but are limited to a maximum increase of 10%.

The leases on the properties in Vienna are subject to rental increases by reference to Austrian inflation rates respectively.

27. Obligations under finance leases

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
<i>Amounts payable under finance leases:</i>				
Repayable in less than one year	57,338	36,967	-	-
Repayable between two and five years	176,280	132,346	-	-
Repayable in more than five years	29,715	51,669	-	-
	<u>263,333</u>	<u>220,982</u>	<u>-</u>	<u>-</u>

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

27. Obligations under finance leases (continued)

The group holds some of its plant and machinery under finance leases. The average lease term is ten years. For the year ended 31 December 2016 the average effective borrowing rate was 3.57% (2015: 3.64%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance leases are secured by the lessors' rights over the leased assets. These assets have a net book value of €366,302 (2015: €267,075) and are included in plant and machinery as disclosed in note 10.

28. Control

The immediate parent company of Nobel Education Network is Wave Holding Pte Limited a company incorporated in Singapore. The immediate parent's registered office is 63 Market Street, #10-02, Bank of Singapore Centre, Singapore 048942

The ultimate controlling party is the Rising Tide Foundation, a Foundation established in Switzerland. The ultimate parent's registered office is Herrenacker 15, 8200 Schaffhausen, Switzerland.

Both Wave Holdings Pte Limited and Rising Tide Foundation, will prepare consolidated accounts that include Nobel Education Network Limited and its subsidiaries for the financial year ending 31 December 2016, in accordance with their respective local accounting regulations.

29. Capital management

The capital of the Group consists of cash at bank, short and medium term financial investments as well as receivables.

Quantitative information regarding capital can be found in notes 14, 16 and 17.

30. Financial risk management

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the Company.

Credit Risk

Credit risk exists in the form of trade receivables in terms of the payment of school fees as well as cash and other receivables. In addition to careful credit management, the risk is partially mitigated by a policy of pre-payment for the term or the school year. The amount of trade and other receivables is included in note 16.

The group's maximum exposures to credit risk is €7,568,321 (2015: €9,173,291).

Interest Rate Risk

The only significant interest bearing debt of the group is the shareholder loan to the parent company and bears a fixed rate of interest. For this reason the directors do not consider the group to be exposed to material interest rate risk.

Liquidity Risk

Financial liabilities are entered into regularly in line with the Group's growth requirements. Until the Group has a fully stable income stream it is dependent on external financing for which financial facilities have been agreed upon.

Nobel Education Network Limited and its subsidiaries continue to review and re-evaluate the financing needs of the Group on a monthly basis.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

30. Financial risk management (continued)

Liquidity Risk (continued)

No significant financial instruments mature in 2016, which Nobel Education Network Limited or one of its subsidiaries needs to refinance.

Cash and cash equivalents held at 31 December 2016 is disclosed in note 17 and commitments under operating leases in note 26.

The table below analyses financial liabilities of the group on an undiscounted future cash flow basis according to the contractual maturity into relevant maturity groupings based upon the remaining period at the balance sheet date. Balances with no fixed maturity are included in the 'over 5 years' category. Included within the 'within one year' category, are amounts that are either repayable on demand or which have no contractual maturity.

	One year €	Two to five years €	Over five year €	Total €
Trade payables	724,335	-	-	724,335
Tax and social security	373,676	-	-	373,676
Finance leases	57,338	176,280	29,715	263,333
Shareholder loans	48,726,814	-	-	48,726,814
Other loans	192,276	787,334	844,896	1,824,506
Other payables	2,347,925	123,551	-	2,471,476
Accruals	2,282,325	-	-	2,282,325
At 31 December 2016	54,704,689	1,087,165	874,611	56,666,465

	One year €	Two to five years €	Over five year €	Total €
Trade payables	434,380	-	-	434,380
Tax and social security	600,897	546,822	113,741	1,261,460
Finance leases	47,156	156,800	51,257	255,213
Shareholder loans	38,912,184	-	-	38,912,184
Other loans	115,055	867,205	-	982,260
Other payables	1,562,391	163,862	536,566	2,262,819
Accruals	1,056,066	-	-	1,056,066
At 31 December 2015	42,728,129	1,734,689	701,564	45,164,382

Included in amounts due within one year are shareholder loans from the ultimate controlling party of €48,561,957 (2015: €38,622,241) which are repayable on demand. The group has received assurances from the ultimate parent that it does intend to call the loan and so the directors do not expect to make this payment in the foreseeable future.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

30. Financial risk management (continued)

Market Risk

The Group currency and the majority of its spending as well as financing facilities are in EUR. As such, little exchange rate risk exists. Deposit facilities have fixed interest rates. They are not affected by interest rate fluctuations.

International schools outside the Euro currency zone receive their income either in local currency. In either case, costs are also in the same currency minimal exchange rate risk exists.

The Group operates in Europe, the Middle East and Asia. Entities in the Group do not regularly transact in currencies other than their respective function currencies (Euro, Turkish Lira, Omani Rial, Vietnamese Dong and US Dollar)

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Turkish Lira ("TRY"), United States Dollar ("USD") Omani Rial ("OMR"), and Vietnamese Dong ("VND"). To manage the currency risk, individual Group entities assesses local currency requirements and translates cash on hand at preferential exchange rates with their local bank. Generally speaking, excess cash reserves are held in USD or EUR.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Oman, Vietnam, and Turkey are managed primarily through borrowings denominated in the relevant foreign currencies.

If the relevant exchange rates prevailing at the year end date had been different by 5% the effect on the net assets of the foreign operations would have been €728,287 (2015: €547,303).

31. Related party transactions

a. The group	2016 €	2015 €
<u>Transactions with the directors of the group:</u>		
Business expenses reclaimed	1,842	27,063
Amounts due to the group at the balance sheet date	-	5,760

During the year two directors received the benefit of school places for their children at no cost to themselves. In addition expenses were incurred by the Group and Company of €97,454 (2015: €Nil) for accountancy services provided by Rawlinson & Hunter, a UK unlimited partnership in which two directors of the company are partners, of which €62,854 (2015: €Nil) was included in creditors at 31 December 2016.

	2016 €	2015 €
<u>Transactions with the fellow group companies:</u>		
Amounts due to the ultimate parent company	48,067,949	37,928,233
Interest recognised due to the ultimate parent	2,926,332	2,334,119
Amounts due to the immediate parent company	494,008	694,008
Interest waived due to the immediate parent	-	(197,930)
Expenses recognised due to fellow group companies	-	637,970
Amounts due (from)/to fellow group companies	(1,032,798)	1,010,833

The loan from the ultimate parent company is repayable on demand and bears interest at a rate of 7% per annum which is considered to be a market rate of interest.

NOBEL EDUCATION NETWORK LIMITED AND SUBSIDIARY COMPANIES

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31. Related party transactions (continued)

	2016 €	2015 €
<u>Transactions with key management personnel:</u>		
Salaries paid	948,254	976,937
Employer's pension contributions made	12,579	46,422
Consultancy fee	-	66,061
Business expenses reclaimed	3,346	16,524
Amounts due to the group at the balance sheet	-	-
Amounts due from the group at the balance sheet date	583	145

During the year two members of the group's key management personnel received the benefit of school places for their children at no cost to themselves.

The disclosure relating to transactions with key management personnel does not include transactions with the directors of the parent company which are disclosed separately.

	2016 €	2015 €
<u>Transactions with the non-controlling interest:</u>		
Amounts due from the group at the balance sheet date	744,259	286,942
Interest on due on loans	7,850	31,189

Included in loans due to the non-controlling interest are loans of €164,857 (2015: €154,006) due for repayment within one year and bear interest of 5%. Other loans to the non-controlling interest bear no interest and are due for repayment in over 5 years.

b. The company	2016 €	2015 €
<u>Revenue derived from subsidiaries</u>		
Management charges	450,000	450,000
Interest charges	1,863,728	1,521,483
Other expenses recharged	3,062	11,631

Included on the company balance sheet are amounts receivable from group companies of €13,610,655 (2015: €23,320,043). Included within these amounts are €12,577,857 (2015: €22,309,210) receivable from subsidiaries of Nobel Education Network Limited and €1,032,798 (2015: €1,010,833) receivable from other group companies other than the ultimate and immediate parent companies.

In the year the company recognised bad debt of €15,612,168 (2015: €5,652) in relation to loans receivable from related companies.