

Registered number: 10711067

INGENIOUS (MINDFUL EDUCATION) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2018



INGENIOUS (MINDFUL EDUCATION) LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | N Forster R Jones D Reid |
| Company secretaries | S Cruickshank J Wright |
| Registered number | 10711067 (England and Wales) |
| Registered office | 15 Golden Square London W1F 9JG |
| Independent auditor | BDO LLP Statutory Auditor 55 Baker Street London W1U 7EU |

INGENIOUS (MINDFUL EDUCATION) LIMITED

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INGENIOUS (MINDFUL EDUCATION) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2018

The directors present their report and the financial statements of Ingenious (Mindful Education) Limited (the "Company") for the period from 5 April 2017 to 30 June 2018.

Results and dividends

The loss for the period, after taxation, amounted to £1,262.

The directors do not recommend the payment of a dividend for the period ended 30 June 2018.

Directors

The directors who served during the period were:

N Forster
R Jones
D Reid

Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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 Company will continue in business.

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

Provision of insurance to directors

All directors were covered by directors' and officers' liability insurance throughout the period under review and this will continue to remain in force.

INGENIOUS (MINDFUL EDUCATION) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2018

Small companies exemption

The Directors' Report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with section 414B of the Companies Act 2006.

Principal risks and uncertainties

The key business risks faced by the Company can be affected by a number of factors some of which may result from matters beyond the Company's control, such as conditions in the domestic and global financial markets, and the wider economy. The financial risk and operational management policies are determined for the Group (as defined in note 2) as a whole and are discussed in the Group's Annual Reports and Financial Statements.

Future developments

The Company intends to continue to undertake its principal activity of investing in the education sector.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been reviewed by the directors. Refer to note 1 for further details.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet events

There have been further drawdowns, totaling £1,000,000, on the loan facility by Mindful Education Limited, since the period ended 30 June 2018. This has resulted in a corresponding increase of £1,000,000 to amounts owed to Group undertakings.

There have been no other significant events affecting the Company since the period end.

INGENIOUS (MINDFUL EDUCATION) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2018**

Auditor

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board of directors and signed on its behalf by:



D Reid
Director

Date: 4 January 2019

INGENIOUS (MINDFUL EDUCATION) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS (MINDFUL EDUCATION)
LIMITED**

Opinion

We have audited the financial statements of Ingenious (Mindful Education) Limited (the "Company") for the period ended 30 June 2018 which comprise the Profit and Loss Account, the Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INGENIOUS (MINDFUL EDUCATION) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS (MINDFUL EDUCATION) LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic report.

INGENIOUS (MINDFUL EDUCATION) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS (MINDFUL EDUCATION) LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Peter Smith (Senior Statutory Auditor)

for and on behalf of
BDO LLP, Statutory Auditor
London, United Kingdom

4 January 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INGENIOUS (MINDFUL EDUCATION) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2018

| | Note | Period ended 30 June 2018 £ |
|--|------|---|
| Administrative expenses | | (5,173) |
| Operating loss | | (5,173) |
| Interest receivable and similar income | 6 | 3,911 |
| Loss before tax | | (1,262) |
| Tax on loss | 7 | - |
| Loss for the financial period | | (1,262) |

All of the Company's loss is derived from continuing operations during the current period. There was no other comprehensive income for the period.

The notes on pages 9 to 16 form part of these financial statements.

INGENIOUS (MINDFUL EDUCATION) LIMITED
REGISTERED NUMBER: 10711067

BALANCE SHEET
AS AT 30 JUNE 2018

| | Note | 2018 £ |
|--|------|--------------------|
| Fixed assets | | |
| Investment | 8 | 2,400,000 |
| | | <u>2,400,000</u> |
| Current assets | | |
| Debtors: amounts falling due within one year | 9 | 233,911 |
| | | <u>233,911</u> |
| Current liabilities | | |
| Creditors: amounts falling due within one year | 10 | (2,635,172) |
| | | <u>(2,401,261)</u> |
| Net current liabilities | | <u>(1,261)</u> |
| Total assets less current liabilities | | <u>(1,261)</u> |
| Net liabilities | | <u>(1,261)</u> |
| Capital and reserves | | |
| Called up share capital | 12 | 1 |
| Profit and loss account | | (1,262) |
| | | <u>(1,261)</u> |
| Shareholder's deficit | | <u>(1,261)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



D Reid
Director

Date: 4 January 2019

The notes on pages 9 to 16 form part of these financial statements.

INGENIOUS (MINDFUL EDUCATION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The functional and presentational currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a small company under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. As such, the financial statements do not include a cash flow statement.

The following principal accounting policies have been applied consistently throughout the current period.

1.2 Going concern

Having assessed the risks facing the business as set out in the Directors' Report, its financial position and profit and cashflow forecasts, and taking into account the written confirmation received by the Company from the directors of the immediate parent undertaking, the directors believe that the Company is well placed to manage its business successfully. Therefore, the directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Directors' Report and financial statements.

1.3 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.4 Investment in associate

Investment in associate is held at cost less impairment.

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 Creditors

Short term creditors are measured at the transaction price.

INGENIOUS (MINDFUL EDUCATION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

1. Accounting policies (continued)

1.7 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans from related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial instruments that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including warrant shares, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

2. General information

The Company is a private company, limited by shares, incorporated and registered in England and Wales. The Company's registered office is 15 Golden Square, London, W1F 9JG.

The Company is a wholly-owned subsidiary within the Ingenious Capital Management Holdings Limited group (the "Group"). The principal activity of the Company is to invest in the education sector.

INGENIOUS (MINDFUL EDUCATION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects in only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the accounting policies

The following are the critical judgements that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

There were no other critical accounting judgments or key sources of estimations during the period, aside from that noted below.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Valuation of warrant shares

Warrant shares are valued using the Black-Scholes model, which is primarily driven by the share price of the underlying asset and the annualised volatility of that share price. The share price of the underlying asset has been determined by the most recent transaction price, i.e. share price at acquisition, which is comparable to the enterprise-value-to-revenue ("EV/R") multiple valuation of the underlying asset as at 30 June 2018. As the underlying asset is a private company with limited trading history, the annualised volatility has been assumed to be the change in share price from acquisition to the latest EV/R multiple valuation. Based on these estimates, it has been determined that the unrealised gain/loss on the warrant shares, as at 30 June 2018, is £nil.

INGENIOUS (MINDFUL EDUCATION) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

4. Auditor's remuneration

Period
ended
30 June
2018
£

Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements

3,250

5. Employees

The Company incurred no staff costs nor paid any remuneration to its directors during the period. The Company had no employees during the current period.

The emoluments of the directors were paid and borne by other Group undertakings and none of their remuneration was specifically attributable to their services to the Company.

6. Interest receivable and similar income

Period
ended
30 June
2018
£

Interest income (note 13)

3,911

INGENIOUS (MINDFUL EDUCATION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

7. Taxation

| | Period ended 30 June 2018 £ |
|--|---|
| Current tax | |
| Current tax on loss for the period | - |
| Total current tax | - |
| Deferred tax | |
| Total deferred tax | - |
| Taxation on loss on ordinary activities | - |

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

| | Period ended 30 June 2018 £ |
|---|---|
| Loss on ordinary activities before tax | (1,262) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% | (240) |
| Effects of: | |
| Losses not recognised | 240 |
| Total tax charge for the period | - |

Factors that may affect future tax charges

A potential deferred tax asset of £215 in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods.

INGENIOUS (MINDFUL EDUCATION) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

8. Investment

| | Investment in associate £ |
|--------------------------|---------------------------------|
| Cost or valuation | |
| At 5 April 2017 | - |
| Additions | 2,400,000 |
| At 30 June 2018 | <u>2,400,000</u> |
| Net book value | |
| At 30 June 2018 | <u><u>2,400,000</u></u> |

The Company holds a 25% share in Mindful Education Limited (see note 13) as at 30 June 2018.

9. Debtors: amounts falling due within one year

| | 2018 £ |
|---------------------------|----------------|
| Loan receivable (note 13) | <u>233,911</u> |

Loan receivable relates to drawdowns against the secured term loan facility of up to £2,000,000 provided to Mindful Education Limited in May 2018. The loan is secured by means of fixed and floating charges against all assets of Mindful Education Limited.

10. Creditors: amounts falling due within one year

| | 2018 £ |
|------------------------------------|-------------------------|
| Amounts owed to Group undertakings | 2,631,922 |
| Accruals | 3,250 |
| | <u><u>2,635,172</u></u> |

Amounts owed to Group undertakings represent balances owed in respect of intra-group interest-free loans with various companies within the Group. There are no fixed terms of repayment.

INGENIOUS (MINDFUL EDUCATION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

11. Financial instruments

| | 2018 £ |
|---|--------------------|
| Financial assets | |
| Financial assets measured at cost less impairment | 2,400,000 |
| Financial assets that are debt instruments measured at amortised cost | 233,911 |
| | <u>2,633,911</u> |
| Financial liabilities | |
| Financial liabilities measured at cost | <u>(2,631,922)</u> |

Financial assets measured at cost less impairment comprise an investment in associate (note 8).

Financial assets that are debt instruments measured at amortised cost comprise a loan receivable (note 9).

Financial liabilities measured at cost comprise amounts owed to Group undertakings (note 10).

12. Share capital

| | 2018 £ |
|---|-----------|
| Authorised, allotted, called up and fully paid | |
| 1 Ordinary share of £1.00 | <u>1</u> |

13. Related party transactions

The Company has applied the exemption granted by Section 33.1A of FRS 102 Related Party Disclosures not to disclose transactions with the parent company on the basis that it is a wholly owned subsidiary or any transactions with other related parties that have been undertaken under normal market conditions. Under this standard, disclosure is only required of material transactions with related parties that are not at arms length.

The investment in associate is controlled by a close family member of the ultimate controlling party of the Company; therefore all transactions with the associate are related party transactions. This includes the investment in associate, the loan receivable and the related interest income.

INGENIOUS (MINDFUL EDUCATION) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

14. Controlling party

During the period ended 30 June 2018 the Company was a wholly owned subsidiary of Ingenious Education Investments Limited. Ingenious Education Investments Limited is a wholly owned subsidiary of Ingenious Capital Management Holdings Limited. The ultimate controlling party is P A McKenna.

The consolidated financial statements of Ingenious Capital Management Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.