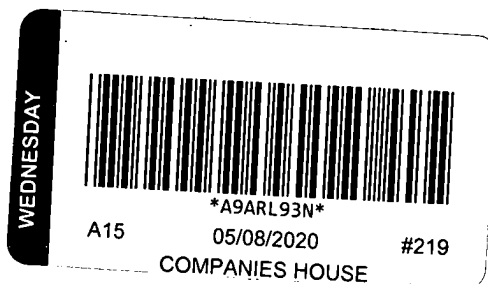


Registration number: 11250674

Flatiron School UK Limited

Pages for filing with Registrar

For the year ended 31 December 2019



Flatiron School UK Limited

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Flatiron School UK Limited

Company information

Directors	Abraham Safdie Anthony Yazbeck
Company secretary	7Side Secretarial Limited
Registered office	c/o Legalex Limited Tallis House 2 Tallis Street Temple London United Kingdom EC4Y 0AB
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

Flatiron School UK Limited**Statement of financial position
As at 31 December 2019**

	Note	2019 £	2018 £
Non-current assets			
Trade and other receivables	6	<u>779,456</u>	<u>256,983</u>
Current assets			
Trade and other receivables	6	1,808,541	174,474
Cash at bank and in hand		<u>-</u>	<u>141,187</u>
		<u>1,808,541</u>	<u>315,661</u>
Total assets		<u>2,587,997</u>	<u>572,644</u>
Current liabilities			
Trade and other payables	7	<u>(1,601,022)</u>	<u>(1,191,154)</u>
Net current assets/(liabilities)		<u>207,519</u>	<u>(875,493)</u>
Total assets less current liabilities		<u>986,975</u>	<u>(618,510)</u>
Non-current liabilities			
Borrowings	8	<u>(1,725,426)</u>	<u>-</u>
Net liabilities		<u>(738,451)</u>	<u>(618,510)</u>
Equity			
Called-up share capital	9	1	1
Retained earnings	9	<u>(738,452)</u>	<u>(618,511)</u>
Total shareholders' deficit		<u>(738,451)</u>	<u>(618,510)</u>

The Company's annual accounts and reports have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

As permitted by Section 444 of the Companies Act 2006, the Directors have not delivered to the Registrar a copy of the Company's income statement for the year ended 31 December 2019.

The financial statements of Flatiron School UK Limited (registration number: 11250674) were approved by the Board of Directors and authorised for issue on 31 July 2020.

They were signed on its behalf by:

Abraham Safdie
.....
Abraham Safdie
Director

The notes on pages 3 to 9 form an integral part of these financial statements.

Flatiron School UK Limited

Notes to the financial statements For the year ended 31 December 2019

1 General information

Flatiron School UK Limited (the 'Company') is a private company limited by share capital, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

c/o Legalinx Limited
Tallis House
2 Tallis Street
Temple
London
EC4Y 0AB

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2 Adoption of new and revised standards

New standards, amendments and interpretations

IFRS 16 is a new accounting standard that is effective for accounting periods that begin on or after 1 January 2019. Management has performed an assessment and concluded that this standard did not have a material impact on the Company.

3 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standards 100 issued by the Financial Reporting Council, and applicable legal and regulatory requirements of the Companies Act 2006.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, fair value measurement and related party transactions.

Where required, equivalent disclosures have been given in the consolidated accounts of The We Company.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

Flatiron School UK Limited

Notes to the financial statements For the year ended 31 December 2019 (continued)

3 Accounting policies (continued)

Basis of accounting (continued)

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Going concern

In April 2020, the decision was taken to close down the Flatiron campus in the third quarter of 2020. The Directors have therefore prepared the accounts on the non-going concern basis. After the third quarter of 2020, the Company will continue to collect customer receivables as they fall due. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting.

Revenue recognition

The Company recognises revenue under the five-step methodology required under IFRS 15, which requires the Company to identify the relevant contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified and recognise revenue when (or as) each performance obligation is satisfied.

The Company is a software programming education platform that offers in-person classes to professionals looking to further their careers in the technology sector. Revenue consists primarily of tuition and fees from customers, net of discounts, scholarships and an allowance for refunds, and is recognised over time, evenly on a ratable basis, over the period in which the related educational instruction is performed, as services are provided and the performance obligation is satisfied.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting year, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date and included in other expenses. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting year.

Flatiron School UK Limited

Notes to the financial statements For the year ended 31 December 2019 (continued)

3 Accounting policies (continued)

Tax (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable 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 is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the end of each reporting year. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, other than when they relate to items that are recognised in other comprehensive income or directly in equity. In such circumstances, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial risk management

The Company's principal financial liabilities are comprised of loans and trade and other payables. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company has market risk exposure arising from changes in interest rates on the Company's non-current loan obligations due to and from group undertakings with variable interest rates.

Foreign currency risk arises as a result of transactions denominated in a currency other than the Company's functional currency, primarily attributable to transactions with group undertakings. Changes in foreign currency exchange rates can impact the foreign currency gain/(loss) recorded in the statement of comprehensive income.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company mitigates its credit risk attributable to trade receivables by maintaining a diverse member portfolio with members across varying industries. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Flatiron School UK Limited

Notes to the financial statements For the year ended 31 December 2019 (continued)

3 Accounting policies (continued)

Financial risk management (continued)

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. This risk is minimised as cash and cash equivalent assets are held on highly liquid cash holdings and borrowings are solely made up of loans due to group undertakings.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Management determines an allowance that reflects its best estimate of the accounts receivable due from customers, related parties, and others that will not be collected. Management considers many factors in evaluating its reserve with respect to these accounts receivable, including historical data, experience, creditworthiness and income trends.

Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less from the date of purchase.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and provided to the Company prior to the end of the financial year and which are unpaid. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Interest-bearing loans are recorded at the proceeds received net of direct issue costs. Borrowing costs are recognised in profit or loss in the year in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. The Company did not have any qualifying assets and therefore, no borrowing costs have been capitalised in the current year or in the prior period.

Share capital

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

Flatiron School UK Limited

Notes to the financial statements For the year ended 31 December 2019 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Management makes judgements on the number of students that will complete the courses provided by the Company, the number of students that will trigger repayment clauses in their agreements and the number of students who will not achieve a sufficient salary to pay their tuition fees. A provision of £295,179 has been applied to cover these scenarios. Management has also applied judgement in determining the period over which trade receivables will be recovered and therefore in presenting the split of these receivables between long term and short term.

5 Staff numbers and costs

Other than its Directors, the Company does not have any employees in the current year (period ended 31 December 2018: none). The Company incurred no expenses in regards to its Directors for the year ended 31 December 2019 (period ended 31 December 2018: £nil).

No director was a member of a money purchase scheme in either the current year or prior period.

6 Trade and other receivables

	2019 £	2018 £
Amounts falling due within one year		
Trade receivables, net	782,527	126,474
Amounts owed by group undertakings	7,000	7,000
Other receivables	25,118	41,000
Prepayments and accrued income	910,761	-
Social security and other taxes	83,135	-
	<u>1,808,541</u>	<u>174,474</u>

Amounts owed by group undertakings are unsecured, interest-free and payable on demand.

	2019 £	2018 £
Amounts falling due after more than one year		
Trade receivables, net	<u>779,456</u>	<u>256,983</u>

Flatiron School UK Limited**Notes to the financial statements
For the year ended 31 December 2019 (continued)****7 Trade and other payables**

	2019	2018
	£	£
Trade payables	55,491	-
Amounts owed to group undertakings	991,795	1,024,412
Social security and other taxes	-	101,780
Other payables	125,454	27,417
Accruals and deferred income	428,282	37,545
	<u>1,601,022</u>	<u>1,191,154</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

Included within other payables is an amount of £92,536 (2018: £9,417) relating to the provision for refunds and drop-outs of students attending courses at the year end.

8 Borrowings

	2019	2018
	£	£
Amounts falling due after more than one year		
Loan payable to group undertakings	<u>1,725,426</u>	<u>-</u>

The loan payable to group undertakings is unsecured and repayable within 5 years. An interest rate of 2.66% - 2.81% per annum was applicable during the year.

9 Called-up share capital and reserves**Authorised, allotted, called-up and not fully paid shares**

	2019	2019	2018	2018
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>100</u>	<u>1</u>	<u>100</u>	<u>1</u>

The Company has one class of ordinary shares which carry no right to fixed income.

Reserves

The Company's other reserves are as follows:

Retained earnings

The retained earnings represents cumulative profits or losses and other adjustments.

Flatiron School UK Limited

Notes to the financial statements For the year ended 31 December 2019 (continued)

10 Controlling parties

The Company's immediate parent company is WeWork International Limited, a company incorporated in the United Kingdom and registered in England and Wales. Following the reorganisation of WeWork Companies Inc., which occurred on July 15, 2019, the ultimate parent company and the smallest and the largest group in which the results of the Company are consolidated is The We Company, a Delaware corporation registered in the USA. Copies of those statutory accounts are available from:

c/o Legalex Limited
Tallis House
2 Tallis Street
Temple
London
EC4Y 0AB

11 Post reporting date subsequent event

2020 Coronavirus Outbreak

Subsequent to year end, the recent global outbreak of COVID-19 ("Coronavirus") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact cannot be predicted. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore, we cannot predict the impact it may have on our operations or the carrying value of the Company's assets; however, the effect on the Company's results may be material and adverse.

In June 2020, the parent company, WeWork International Limited, entered into an agreement to sell the Company to a third party buyer. As of the date of this report, the sale has not yet closed.

12 Audit report

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with Section 444 (5B) of the Companies Act 2006:

- the audit report was unqualified. In their report the auditors emphasised the following matter without qualifying their report: We draw attention to note 3 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 3, in April 2020 the decision was taken to close down the Flatiron campus and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter;
- the senior statutory auditor was David Clark FCA; and
- the auditor was RSM UK Audit LLP.