

Company registration number 11250674 (England and Wales)

FLATIRON SCHOOL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



FLATIRON SCHOOL UK LIMITED

CONTENTS

	Page
Statement of financial position	1
Statement of changes in equity	2
Notes to the financial statements	3 - 9

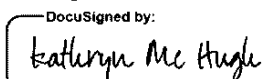
FLATIRON SCHOOL UK LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 \$	\$	2021 \$	\$
Current assets					
Trade and other receivables	5	1,098,468		1,859,997	
Cash and cash equivalents		1,169,697		558,066	
		<u>2,268,165</u>		<u>2,418,063</u>	
Current liabilities	6	(176,362)		(65,516)	
		<u>2,091,803</u>		<u>2,352,547</u>	
Net assets					
Equity					
Called up share capital	8		1		1
Retained earnings		2,091,802		2,352,546	
		<u>2,091,803</u>		<u>2,352,547</u>	
Total equity					

The directors of the company have elected not to include a copy of the income statement within the financial statements. These accounts have been prepared and delivered in accordance with the provisions applicable to the small companies regime.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on September 27, 2023 and are signed on its behalf by:

DocuSigned by:

 P57BA5746493429.....
 K Mc Hugh
 Director

Company registration number 11250674

FLATIRON SCHOOL UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital \$	Retained earnings \$	Total \$
Balance at 1 January 2021	1	2,483,170	2,483,171
Year ended 31 December 2021:			
Loss and total comprehensive income for the year	-	(130,624)	(130,624)
Balance at 31 December 2021	1	2,352,546	2,352,547
Year ended 31 December 2022:			
Loss and total comprehensive income for the year	-	(260,744)	(260,744)
Balance at 31 December 2022	1	2,091,802	2,091,803

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARENDED 31 DECEMBER 20 22

1 Accounting policies

Company information

Flatiron School UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/O Cogency Global (UK) Limited, 6 Lloyds Avenue, Suite 4CL, London, EC3N 3AX. The company's principal activities and nature of its operations are providing software engineering, data science and design UX/UI courses in the UK to train people for careers in technology. The company ceased trading during a prior year.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Flatiron School UK Limited is a wholly owned subsidiary of Flatiron Holdings, Inc., and the results of Flatiron School UK Limited are included in the consolidated financial statements of Flatiron Holdings, Inc.

1.2 Going concern

In April 2020, the decision was taken to close down the Flatiron campus in the third quarter of 2020. The company ceased trading in the year ended 31 December 2020 as planned. Therefore the directors have prepared the accounts on a non-going concern basis. All assets and liabilities have been classified as current. No other adjustments have been made to the financial statements as a result of this application of a non-going concern basis. The company continues to collect receivables as they fall due.

1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI ("Fair Value through Other Comprehensive Income") are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARENDED 31 DECEMBER 20 22

1 Accounting policies

(Continued)

1.5 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 reporting end date.

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 balance sheet 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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Foreign exchange

Transactions in currencies other than USD are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Management makes judgements on the number of students that will complete the courses provided by the Company, the number of students that will trigger repayments clauses in their agreements and the number of students who will not achieve a sufficient salary to repay their tuition fees. A provision of \$930,759 has been applied to receivable balances to cover these scenarios.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2022 Number	2021 Number
1	1

4 Taxation

	2022 \$	2021 \$
Current tax		
UK corporation tax on profits for the current period	-	24,112
Adjustments in respect of prior periods	(21,554)	-
Total UK current tax	<u>(21,554)</u>	<u>24,112</u>

FLATIRON SCHOOL UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEARENDED 31 DECEMBER 20 22****4 Taxation****(Continued)**

The charge for the year can be reconciled to the loss per the income statement as follows:

	2022	2021
	\$	\$
Loss before taxation	(282,298)	(106,512)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(53,637)	(20,237)
Effect of expenses not deductible in determining taxable profit	53,637	20,237
Adjustment in respect of prior years	(21,554)	-
Tax on post-cessation foreign exchange gain	-	24,112
Taxation (credit)/charge for the year	(21,554)	24,112

5 Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	1,447,010	2,167,439
Provision for bad and doubtful debts	(930,759)	(934,424)
	516,251	1,233,015
VAT recoverable	10,161	5,061
Amounts owed by fellow group undertakings	546,861	546,861
Prepayments and accrued income	25,195	75,060
	1,098,468	1,859,997

The total trade receivables have been included as current as the financial statements have been prepared on a non-going concern basis but trade receivables of \$1,300,000 are expected to be collected in more than a year from the year-end.

6 Liabilities

		2022	2021
	Notes	\$	\$
Borrowings		-	687
Trade and other payables	7	173,804	40,717
Corporation tax		2,558	24,112
		176,362	65,516

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARENDED 31 DECEMBER 20 22

7 Trade and other payables

	2022 \$	2021 \$
Amount owed to parent undertaking	146,825	-
Accruals and deferred income	26,979	26,979
Other payables	-	13,738
	<u>173,804</u>	<u>40,717</u>

8 Share capital

	2022 Number	2021 Number	2022 \$	2021 \$
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	100	100	1	1

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

9 Audit report information

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 s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Emphasis of matter - Non-going concern basis of accounting

We draw attention to note 1.2 of the financial statements, which describes the preparation of the financial statements on a non-going concern basis. As described in note 1.2, the company ceased trading in a prior year and therefore the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. Our opinion is not modified in this respect.

The senior statutory auditor was Andrew Turner and the auditor was Mercer & Hole LLP.

10 Events after the reporting date

On March 10, 2023, Silicon Valley Bank (SVB) was closed by regulators, and subsequently reopened under a new entity backed by the FDIC. At December 31, 2022, the Company had money on deposit with SVB. On 12 March 2023, the United States Department of Treasury confirmed that depositors would have access to all their funds, including amounts above the federal deposit insurance limits. The Company has had ongoing access to all its funds. On 13 March 2023, HSBC acquired Silicon Valley Bank UK Limited.

11 Related party transactions

The company has a loan agreement with Flatiron School LLC, a fellow group company. At the year end, the company was owed \$546,861 (2021: \$546,861).

At the year end, the company owed a fellow group company \$146,825. This amount is interest free and repayable on demand.

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Controlling party

The Company's immediate parent company is Flatiron Holdings, Inc, a company incorporated in the USA. The results for Flatiron School UK Limited are consolidated into the financial statements of Flatiron Holdings, Inc. The consolidated financial statements can be obtained from their registered office at 11 Broadway, 2nd Floor, New York, NY 10004.