

Company Registration No. 11250674 (England and Wales)

FLATIRON SCHOOL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

FLATIRON SCHOOL UK LIMITED

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FLATIRON SCHOOL UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 \$	\$	2019 \$	\$
Current assets					
Trade and other receivables	5	2,478,300		3,514,294	
Cash and cash equivalents		570,756		-	
		<u>3,049,056</u>		<u>3,514,294</u>	
Current liabilities	6	(565,885)		(2,174,061)	
Net current assets			2,483,171		1,340,233
Non-current liabilities	6		-		(2,342,992)
Net assets/(liabilities)			<u>2,483,171</u>		<u>(1,002,759)</u>
Equity					
Called up share capital	9		1		1
Retained earnings			2,483,170		(1,002,760)
Total equity			<u>2,483,171</u>		<u>(1,002,759)</u>

The director of the company has elected not to include a copy of the income statement within the financial statements.

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

The financial statements were approved and signed by the director and authorised for issue on 23 December 2021

J Madden
Director

Company Registration No. 11250674

FLATIRON SCHOOL UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Retained earnings	Total
	\$	\$	\$
Balance at 1 January 2019	1	(839,889)	(839,888)
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(162,871)	(162,871)
Balance at 31 December 2019	1	(1,002,760)	(1,002,759)
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	3,485,930	3,485,930
Balance at 31 December 2020	1	2,483,170	2,483,171

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 Legalinx Limited, 3rd Floor, 207 Regent Street, London, W1B 3HH. 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 the 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 previous year, the functional currency was sterling but since the company ceased trading in the year, this has been changed to dollars. The comparative results and balances have therefore been converted to dollars.

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;
- a reconciliation of the number and weighted average exercise prices of share options;
- comparative narrative information; 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 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Revenue consists primarily of tuition and fees from customers, net of any discounts, scholarships and an allowance for refunds, and is recognised over time, evenly on a ratable basis, over the period in which related educational instruction is performed, as services are provided and the performance obligation is satisfied.

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 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.

1.5 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.

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.

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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.

1.6 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'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

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.

1.7 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.

1.8 Taxation

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

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Foreign exchange

Transactions in currencies other than pounds sterling 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 director is 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 \$934,424 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:

2020 Number	2019 Number
1	2
<u> </u>	<u> </u>

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Taxation

	2020	2019
	\$	\$
The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:		
	2020	2019
	\$	\$
Profit/(loss) before taxation	3,485,930	(162,871)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2019: 19.00%)	662,327	(30,945)
Income not taxable	(889,448)	-
Change in unrecognised deferred tax assets	227,121	30,945
Taxation charge for the year	-	-

5 Trade and other receivables

	Current		Non-current	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade receivables	3,070,601	1,062,610	-	-
Provision for bad and doubtful debts	(934,424)	-	-	-
	2,136,177	1,062,610	-	-
Amounts owed by fellow group undertakings	-	9,505	-	-
Other receivables	22,391	146,999	-	1,058,439
Prepayments and accrued income	319,732	1,236,741	-	-
	2,478,300	2,455,855	-	1,058,439

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 \$2,200,000 are expected to be collected in more than a year from the year-end.

6 Liabilities

		Current		Non-current	
	Notes	2020	2019	2020	2019
		\$	\$	\$	\$
Trade and other payables	7	541,690	1,592,488	-	2,342,992
Deferred income	8	24,195	581,573	-	-
		565,885	2,174,061	-	2,342,992

FLATIRON SCHOOL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Trade and other payables

	Current		Non-current	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables	-	75,352	-	-
Amounts owed to fellow group undertakings	494,526	1,346,779	-	2,342,992
Accruals and deferred income	24,235	-	-	-
Other payables	22,929	170,357	-	-
	<u>541,690</u>	<u>1,592,488</u>	<u>-</u>	<u>2,342,992</u>

8 Deferred revenue

	2020	2019
	\$	\$
Arising from deferred courses	<u>24,195</u>	<u>581,573</u>

9 Share capital

	2020	2019	2020	2019
	Number	Number	\$	\$
Ordinary share capital Issued and fully paid				
Ordinary shares of 1¢ each	100	100	1	1

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

10 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 the 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.

11 Controlling party

The Company's immediate parent company is Flatiron Holdings, Inc, a company incorporated in the USA. During the year the parent company changed from WeWork International Limited to Flatiron Holdings, Inc. 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.