

**FutureLearn Limited**

**Financial Statements**

**for the period**

**10 December 2012 to 31 July 2013**

WEDNESDAY



\*A34GM562\*

A33

26/03/2014

#30

COMPANIES HOUSE

Company Registration number 08324083

---

<b>Contents</b>	<b>Page</b>
<b>Directors' Report</b>	2
<b>Independent Auditors' Report</b>	5
<b>Statement of Principal Accounting Policies</b>	6
<b>Profit and Loss Account</b>	8
<b>Balance Sheet</b>	9
<b>Notes to the Financial Statements</b>	10

---

---

The Directors present their Annual Report and the audited financial statements of the Company for the period 10 December 2012 to 31 July 2013

The Directors' report has been prepared taking advantage of the small companies' exemption in accordance with section 415A of the Companies Act 2006

## **Principal Activities**

---

The Company was incorporated on 10 December 2012 as FutureLearn Limited. The main business activity of the Company is to offer a diverse range of high quality online courses and content from partner universities and institutions across multiple platforms. Online courses will be free, enabling increased access to higher education to people around the world. The Company will develop services to enable revenue generation to sustain the business.

## **Review of the Business and Future Outlook**

---

The Company went live to market in September 2013 and in the period to date has, building on The Open University's extensive expertise in delivering distance and open learning to hundreds of thousands of people, developed the technology platform to deliver courses and content online across multiple platforms.

Courses and content are being produced by the 26 partnering UK and international universities and institutions.

In the period to 31 July 2013 the loss on ordinary activities before taxation of the Company was £1,943,000. The loss represents the cost of business start-up, product development, communications and marketing, and partner engagement.

The Company was wholly financed through the issue of equity shares to The Open University, amounting to £2,500,000 for period ended 31 July 2013.

## **Results and Dividends**

---

No dividends have been paid or are proposed.

## **Principal Risks and Uncertainties**

---

The key business risks affecting the Company relate to the availability of content from partner universities for the global delivery of online courses, the market demand for the product offer in a sector that is at its early stage of development and rapidly innovating, and the ability to generate revenue models that can sustain the business in the longer term.

The Company has secured relationships with over 20 universities and institutions to provide courses and content. Close collaboration with and support to the partners will ensure the production of content to respond to market demand. Funding is secured to meet the plans of the Company for the coming three years, supporting on going activity as the business develops and implements revenue generating services.

---

## **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 period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Disclosure of information to Auditors**

---

In accordance with Section 418, each Director in office at 2 October 2013 confirms that

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Directors**

---

The Directors of the Company who served during the period and up to the date of signing the financial statements are as follows:

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
Mr M G Bean – Chair	25 March 2013	
Mr S Cramer	10 December 2012	21 January 2013
Mr M S Hedges	21 January 2013	
Mr S J Nelson	25 March 2013	
Mr A F Woodburn	21 January 2013	

---

## **Directors' Indemnities**

---

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006

The Company also purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors

---

## **Independent Auditors**

---

The Company is deemed to have reappointed its independent auditors in accordance with section 487(2) of the Companies Act 2006. In the absence of a notice proposing that the appointment be terminated, the independent auditors will be deemed to be reappointed for the next financial year.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as independent auditors

On behalf of the Board on 2 October 2013



**B CHEYNE**  
Company Secretary

FutureLearn Limited  
PO Box 77  
Chambers Building  
Walton Hall  
Milton Keynes  
MK7 6AA

We have audited the financial statements of FutureLearn Limited for the period ended 31 July 2013 which comprise the Statement of Principal Accounting Policies, the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 July 2013 and of its result 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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **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, 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 take advantage of the small companies' exemption in preparing the Directors' Report



**MIKE ROBINSON** (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes

2 October 2013

---

## **1 Basis of Preparation**

---

These financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

## **2 Turnover**

---

Turnover represents the value of goods sold in respect of production services, excluding VAT.

## **3 Recognition of Income**

---

Income from the sale of goods or services is credited to the profit and loss account when the goods or services are supplied to the external customers against the orders received or the terms of the contract have been satisfied.

## **4 Recognition of Expenditure**

---

- a Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.
- b Provision is made when a present obligation exists for a future liability in respect of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

## **5 Foreign Currencies**

---

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial period.

## **6 Deferred Taxation**

---

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation, or a right to pay less taxation, in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

---

**7 Lease costs**

---

Rental costs under operating leases are charged to expenditure in equal amounts over the period of the lease

**9 Website development costs**

---

Website development costs relating to application and infrastructure development costs and design costs are not capitalised, as the technical feasibility of each element cannot be proven until the work is substantially complete and because there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design is next updated. Consequently, the costs of developing the design has been written off to the profit and loss account as incurred. Content costs are incurred by the partner universities and other organisations rather than the company.

**10 Cash Flow Statement**

---

The Company is a wholly owned subsidiary of The Open University and its results and cash flows are included in the consolidated financial statements of The Open University, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1, *Cash Flow Statements (Revised 1996)*.



**FutureLearn Limited**  
**Financial Statements 2013**

**Profit and Loss Account**  
**for the period 10 December 2012 to 31 July 2013**

	Notes	Period Ended 31 July 2013 £'000
Turnover	1	4
Cost of sales		(3)
<b>Gross profit</b>		<b>1</b>
Administrative expenses		(1,944)
<b>Operating loss</b>	3	<b>(1,943)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(1,943)</b>
Tax on loss on ordinary activities	4	0
<b>Loss for the financial period</b>	8	<b>(1,943)</b>

There are no recognised gains or losses in the financial period other than the results disclosed above, which are all in respect of continuing operations

There are no material differences between the loss on ordinary activities and result for the financial period stated above and their historical cost equivalents

The accounting policies on pages 6 and 7 and the notes on pages 10 to 13 form part of these financial statements

**FutureLearn Limited**  
**Financial Statements 2013**

**Balance Sheet as at 31 July 2013**

	Notes	As At 31 July 2013 £'000
<b>Current Assets</b>		
Debtors	5	288
Cash at bank and in hand		1,585
		<b>1,873</b>
Creditors Amounts falling due within one year	6	(1,316)
<b>Net Assets</b>		<b>557</b>
<b>Capital and Reserves</b>		
Called up share capital	7,8	2,500
Profit and loss account	8	(1,943)
<b>Total Shareholder's Funds</b>	8	<b>557</b>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 2 October 2013 and signed on its behalf by



**S J NELSON**  
 Director



**M S HEDGES**  
 Director

FutureLearn Limited  
 Registered number 08324083

## **1 Turnover**

Turnover, totalling £4k, relates to sales in the UK of video production services

Period  
 Ended  
 31 July 2013  
 £'000

## **2 Staff Costs**

Wages and salaries	21
Social security costs	13
	<b>34</b>

Number

### **Monthly average number of employees**

Management and administration	1
-------------------------------	---

£'000

### **Directors' emoluments**

Aggregate emoluments	<b>123*</b>
----------------------	-------------

\*As disclosed in note 9, 'Related Party Transactions', emoluments in respect of one director were paid to the Director's service company

With the exception of one Director, no Directors received emoluments and no recharges are made by The Open University to FutureLearn Limited in respect of their services to the Company

No retirement benefits are accruing to any directors

## **3 Operating Loss**

Operating loss is stated after charging

Fees payable for the audit	<b>4</b>
----------------------------	----------

Period  
 Ended  
 31 July 2013  
 £'000

#### **4 Tax on Loss on Ordinary Activities**

UK Corporation tax on losses for the financial period	0
---	---

*Factors affecting the tax charge for the current financial period*

The tax assessed for the financial period is lower than the standard rate of corporation tax in the UK for the period ended 31 July 2013. The tax rate was 20% for the period to 31 July 2013. The differences are explained below.

Loss on ordinary activities before tax	(1,943)
--	---------

Current tax rate @ 20%	(389)
------------------------	-------

Effects of	
Expenses not deductible for tax purposes	13
Tax losses carried forward	376

<b>Current tax charge for the period</b>	<b>0</b>
--	----------

*Deferred tax*

The Company has not recognised a potential deferred tax asset relating to unutilised trade losses as they may not be used to offset taxable profits for some time.

*Change in corporation tax rate*

The Government announced in March 2012 that it intended to reduce the rate of corporation tax from 25% to 23%, and Finance Act 2012, which was substantively enacted on 17 July 2012, included provisions to reduce the rate of corporation tax to 23% with effect from 1 April 2013.

The Government has announced in March 2013 a further reduction of the rate of corporation tax, reducing it to 21% with effect from 1 April 2014 and then by a further 1% to 20% by 1 April 2015. As this legislation was not substantively enacted by 31 December 2012, the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements.

As At  
 31 July 2013  
 £'000

#### **5 Debtors**

Trade debtors	5
Other debtors	263
Prepayments and accrued income	20
	<b>288</b>

As At  
31 July 2013  
£'000

## **6 Creditors: Amounts falling due within one year**

Trade creditors	239
Amounts owed to parent undertaking	737
Other creditors including taxation and social security	13
Accruals and deferred income	327
	<b>1,316</b>

As At  
31 July 2013  
£'000

## **7 Called up Share Capital**

Authorised share capital of 2,500,000 ordinary shares of £1 each	<b>2,500</b>
2,500,000 ordinary shares of £1 called up, issued and paid	<b>2,500</b>

Allotment date	Number of Ordinary shares	Nominal Value £	Amount £
December 2012	1	1	1
April 2013	499,999	1	499,999
July 2013	2,000,000	1	2,000,000
<b>Total Ordinary shares called up, issued and paid</b>	<b>2,500,000</b>		<b>2,500,000</b>

---

	Called up Share Capital £'000	Profit and Loss Account £'000	Total Shareholder's Funds £'000
<b>8 Reconciliation of Movements in Shareholder's Funds</b>			
As at 10 December 2012	0	0	0
Issue of ordinary shares	2,500	0	2,500
Loss for the financial period	0	(1,943)	(1,943)
<b>As at 31 July 2013</b>	<b>2,500</b>	<b>(1,943)</b>	<b>557</b>

---

## **9 Related Party Transactions**

---

The Company has taken advantage of the exemption in FRS 8, *Related Party Transactions*, and has not disclosed transactions and balances with its parent undertaking

During the period ended July 2013, the Company purchased consultancy services from Sineo Limited, a company in which Mr S Nelson, a Director of FutureLearn Limited has a controlling interest. Purchases totalled £232,000, of which £67,000 was unpaid at 31 July 2013.

## **10 Parent Undertaking**

---

The immediate and ultimate parent undertaking is The Open University, which is incorporated by Royal Charter in Great Britain. This is the parent of the smallest and largest group for which consolidated financial statements are prepared. Copies of The Open University's financial statements can be obtained from The Open University, PO Box 77, Walton Hall, Milton Keynes, MK7 6BT.