

FutureLearn Limited

Financial Statements
for the year ended 31 July 2017



Company Registration number 08324083

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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, including Financial Reporting Standard 102 (FRS102). The principal accounting policies, which have been applied consistently throughout the year, are set out below.

2 Turnover

Turnover represents the value of goods and services supplied to customers, excluding VAT, and the value of Research and Development Expenditure Credits.

3 Recognition of Income

- a. Income from the sale of goods or services is credited to the statement of comprehensive income when the goods or services are supplied to the external customers against the orders received or the terms of the contract have been satisfied.
- b. Any management judgements, estimates and assumptions that affect the application of policies and reported amounts of income are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

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.
- c. Amounts due to partners arising from their course distribution agreements are charged to the expenditure account in the period in which the related income from a partner course is receivable.

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 Taxation

Current tax is recognised in the profit and loss account for the year except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of comprehensive income.

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.

8 Pension Costs

The Company operates a defined contribution scheme for the benefit of its employees. The cost charged to expenditure is equal to the total of contributions payable in the year.

9 Employee Benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred. Bonus payments and any unused annual leave for the financial year ended 31 July are accrued.

10 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.

11 Research and Development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred. Where the Company has incurred qualifying expenditure, the related Research and Development Expenditure Credit, is included within turnover on a receivable basis.

12 Functional Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). Therefore the results and financial position for the Company are presented in Sterling (£'000).

13 FRS102 Exemptions taken

The Company is a wholly owned subsidiary of The Open University and as such has taken advantage of the following exemptions under FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;

- The requirement to present a statement of cash flows and related notes [FRS102 section 1.12 b]
- The requirement to disclose related party transactions and balances with its parent undertaking [FRS102 section 33.1A]
- The requirement to disclose key management personnel compensation [FRS102 section 1.12 e]

14 Significant Judgements & Accounting Estimates

FutureLearn Limited prepares its financial statements in accordance with FRS 102 as issued by the UK Financial Reporting Council, the application of which often requires judgements to be made by management when formulating the financial position and results.

Bad and Doubtful Debts

At the year end, the Debtor balances are reviewed and management makes a judgement on each debt as to whether it is believed to be a bad or doubtful debt, and subsequently if it should be provided for or written off.

Income Tax

Each year the Company conducts a review of its spend on research and development expenditure to assess whether it may have grounds for a claim for a government credit (and consequent tax component) under the R&D tax credit scheme. Such a claim requires a comprehensive written report supporting the claim which includes an analysis of the amount of spent on qualifying expenditure. This report is written after the year end and professional advice will then be sought on what costs will qualify for this financial year. As a result management has conducted a desktop review and applied similar principles to those applied in previous claims to produce an estimate for the financial statements.

15 Financial Instruments

Sections 11 and 12 of FRS 102 have been adopted by the Company with the exception of exemptions highlighted in policy note 12.

- a. Basic financial assets, including trade and other receivables, cash and bank balances, are recognised at transaction price.
- b. Basic financial liabilities, including trade and other payables are recognised at transaction price.
- c. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at transaction price.
- d. Current asset investments comprising of funds held on deposit are recognised at the lower of cost or net realisable value.
- e. Interest is accrued on a daily basis.

	Note	As At 31 July 2017 £'000	As At 31 July 2016 £'000
Current Assets			
Debtors	1	1,273	679
Cash at bank and in hand		3,186	2,318
		4,459	2,997
Creditors : Amounts falling due within one year	2	(3,474)	(1,725)
Net Assets		985	1,272
Capital and Reserves			
Called up share capital	3	25,750	19,500
Profit and loss account		(24,765)	(18,228)
Total Equity		985	1,272

The Company has opted not to deliver the profit and loss account and directors' report to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 2 to 7 were approved by the Board of Directors on 27 September 2017 and signed on its behalf by:



S J NELSON
 Director



D M ZUYDAM
 Director

FutureLearn Limited
 Registered number: 08324083

1 Debtors

	As At 31 July 2017 £'000	As At 31 July 2016 £'000
Trade debtors	757	253
Amounts owed by group undertaking	200	114
Other debtors	67	137
Prepayments and accrued income	249	175
	1,273	679

Trade debtors are stated after provisions for impairment of £nil (year ended 31 July 2016: £nil).
Intercompany balances are unsecured and incur nil interest charges. Balances are payable on demand.

2 Creditors: Amounts falling due within one year

	As At 31 July 2017 £'000	As At 31 July 2016 £'000
Trade creditors	202	179
Amounts owed to group undertaking	1,170	671
Other creditors including taxation and social security	264	10
Accruals and deferred income	1,838	865
	3,474	1,725

Intercompany balances are unsecured and incur nil interest charges. Balances are required to be repaid to the parent each month.

3 Called up Share Capital

	As At 31 July 2017 £'000	As At 31 July 2016 £'000
Authorised share capital of 25,750,000 (2016: 19,500,000) ordinary shares of £1 each	25,750	19,500
25,750,000 (2016: 19,500,000) ordinary shares of £1 called up, issued and paid	25,750	19,500

During the year ended 31 July 2017, £6,250,000 (year ended 31 July 2016: £7,850,000) worth of ordinary £1 shares were issued. Shares were issued on 12 October 2016 (£2,000,000), 08 December 2016 (£750,000), 17 January 2017 (£750,000), 16 February 2017 (£500,000), 23 March 2017 (£500,000), 24 April 2017 (£500,000), 16 May 2017 (£500,000), and 19 June 2017 (£750,000).

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

4 Operating Lease Commitment

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Payable during the year	139	2
Future minimum lease payments due:		
Not later than one year	752	0
Later than one year and not later than five years	1,451	0
Total lease payments due	2,203	0

During the year ended 31 July 2017 the Company paid £134,000 (year ended 31 July 2016: £nil), in respect of operating leases for leasehold properties and £5,000 (year ended 31 July 2016: £2,000) in respect of operating leases on equipment. The company has obligations for annual payment under non-cancellable operating leases described in the table above as 'future minimum lease payments due'.

5 Parent Undertaking

The Company's immediate and ultimate parent undertaking and controlling party 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.

6 Financial Instruments

	As At 31 July 2017 £'000	As At 31 July 2016 £'000
Financial assets that are debt instruments measured at amortised cost	1,024	504
Financial liabilities measured at amortised cost	(2,693)	(1,725)

7 Audit Report

The audit of the financial statements was carried out by PricewaterhouseCoopers LLP and signed on their behalf by Gillian Hinks (Senior Statutory Auditor). The audit report was unqualified.