

Company Registration No. 08324083 (England and Wales)

FutureLearn Limited

**Annual report and
group financial statements
for the year ended 31 July 2021**

FutureLearn Limited

Company information

Directors	Andrew Hancock	(Appointed 11 October 2021)
	Joshua Nester	
	Dr Devendra Kodwani	(Appointed 25 May 2021)
	Rohinton Kalifa	
	Philip Robert-Tissot	
	Christopher Sheppard	
	Andrew Hancock	(Appointed 11 October 2021)
Secretary	William England	
Company number	08324083	
Registered office	71 Queen Victoria Street London EC4V 4BE	
Independent auditor	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE	

FutureLearn Limited

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Strategic report

For the year ended 31 July 2021

The directors present the strategic report for the year ended 31 July 2021.

Review of the business

The Group, working in partnership with leading UK and overseas universities, launched the UK's first platform for Massive Open Online Courses (MOOCs) in September 2013. Since its launch, at 31 July 2021 the Group had built a community of over 16.5 million registered learners (31 July 2020: over 13.5 million) from all countries in the world. These learners have signed up to over 42 million courses between them. For courses which started in the year ended 31 July 2021, the Group attracted 4.5 million (2020: 9.4 million) course sign-ups. Courses and content are being produced by over 200 partners, comprising leading UK and international universities, including The Open University, the British Council, the British Heart Foundation and other specialist education providers and global centres of research excellence.

The Group generated turnover of £11.3m for the year ended 31 July 2021 (2020: £9.9m). This turnover came from the sale of upgrades on its short courses, Microcredential and ExpertTrack courses, the provision of services to its partners, membership fees and research and development expenditure credits. The increase in turnover, year on year, was mainly due to the introduction of ExpertTracks and a full year of Microcredentials which were introduced half way through the previous year.

The other key performance indicators monitored by the business are gross margins, operating costs, EBITDA, the number of courses open for enrolment and learning each month, the volume of traffic to the Group's website (monthly unique visitors), conversion of visitors into enrolments, conversion of these enrolments to purchase, average order value and the retention of paying learners.

The investment raised in April 2019 has been and continues to be used to market, develop and grow the Group's product offering and its revenue streams. As a result of this continued investment in the business the Group's losses before tax for the year have increased to £16,107,000 (2020: £13,295,000) which is in line with the Group's business plans.

Principal risks and uncertainties

The key business risks affecting the Group relate to the market demand for the product offer in a sector that is still in relatively early stages of digital development and rapidly innovating, the availability of in demand content from partner universities and other organisations for the global delivery of online courses, the security and performance of the Group's technical platform and the ability to generate revenue models that can sustain the business in the longer term.

The Group has secured relationships with over 200 universities and other organisations to provide courses which run on the FutureLearn platform. Close collaboration with and support to the partners ensures the production of content to respond to market demand.

The Group's ability to continue to operate as a going concern for the foreseeable future is explained in the Directors' Report and note 1.4 to the financial statements.

FutureLearn Limited

Strategic report (continued)
For the year ended 31 July 2021

Future Outlook

Since 31 July 2021 the Group has appointed a new CEO who has put in place a fresh new leadership team and has agreed a five year strategic business plan with the Board and the Investors. This strategic plan focuses the Group on improving the platform, expanding the learner base and monetisation.

The partner network makes a vital contribution to the Group's revenue growth through the development and production of high quality content and courses. The Group is currently developing the platform to make the process of publishing courses very much more straightforward to encourage the continued growth of courses from partners available to learners. The Group intends to continue to grow the already significant community of learners and maintain and improve on high levels of engagement and participation through the development of the learner experience and the portfolio of courses on offer.

The introduction of monthly subscriptions combined with the expanding portfolio of courses, continued development of the platform and investment in marketing capabilities means the Group expects to continue to grow its revenues from individual learners. In addition, as the portfolio of courses grows, the Group considers it has an opportunity to build its business-to-business revenue line by providing access to courses to enterprises at scale and will develop this capability over the coming months.

Impact of Covid-19

The Group benefited from the tail end of a Covid-19 related increase in the number of learners on the platform in the first few months of the year ended 31 July 2021 after which learner numbers dropped to a more normalised level.

The Group decided not to renew its office lease in London at the end of April 2021 and was able to continue its operations remotely. The Group has adapted to this new way of working and has seen no material impact on its operational capabilities. However the Group took the decision to establish a new, smaller, London office in April 2022 to enable operational teams to get together once more on a regular basis.

By order of the board

William England
Secretary

21 July 2022

FutureLearn Limited

Directors' report

For the year ended 31 July 2021

The directors present their annual report and financial statements for the year ended 31 July 2021.

Principal activities

The main business activity of the Group is to offer, through its online learning platform, a diverse range of high quality courses from universities and other course creating partners which are made available directly to individual learners or indirectly to learners through organisations with whom they are affiliated such as employers or professional bodies. The Group is continuing to develop its products, services, partnerships and marketing activities to deliver revenue growth.

Results and dividends

The results for the year are set out on page 10.

In the year ended 31 July 2021, the loss before taxation of the Group was £16,107,000 (2020: £13,295,000). The loss represents the cost of product development, communications and marketing, and partner engagement.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Andrew Hancock	(Appointed 11 October 2021)
Joshua Nester	
Dr Devendra Kodwani	(Appointed 25 May 2021)
Rohinton Kalifa	
Philip Robert-Tissot	
Christopher Sheppard	
Natalie Tydeman	(Appointed 4 January 2021 and resigned 31 December 2021)
Josie Fraser	(Resigned 25 May 2021)
Simon Nelson	(Resigned 31 December 2020)
Jonathan Nicholls	(Resigned 31 July 2021)
Andrew Hancock	(Appointed 11 October 2021)

Qualifying third party indemnity provisions

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 indemnity was in force throughout the last financial year and is currently in force.

Auditor

Saffery Champness LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Financial risk management

The Group maintains its cash balances across 4 different banking institutions being National Westminster Bank, HSBC, JP Morgan and Northern Trust in accordance with the Group's Treasury Policy approved by the Board. FutureLearn prices its products in four different currencies (GBP, Euros, US Dollars and Australian Dollars) and manages the inherent currency risk by reviewing and resetting pricing levels across the currencies on a monthly basis.

Going Concern

The Group was initially financed through the issue of equity shares to The Open University. The Group received additional investment from the SEEK Group in April 2019 and since then the Group has been jointly owned by The Open University and the SEEK Group (the 'Current Shareholders').

Following a review of cashflow forecasts, including plausible downside sensitivities, the Group does not currently have sufficient funding in place for its requirements for the 12 months from the date of signing the financial statements of the Group for the year ended 31 July 2021.

The Board has agreed with its Current Shareholders that they will provide £15m of additional funding to the Group in 3 tranches of £5m in July 2022, October 2022 and January 2023; the provision of the second and third tranches will be dependent on meeting agreed milestones.

However, this funding will not be sufficient to allow the Group to meet its strategic objectives for the entire 12 month period from the date of signing the financial statements of the Group for the year ended 31 July 2021. The Board therefore remains in discussion with its Current Shareholders regarding options for raising further investment, including from third parties. Until those discussions are concluded, there remains a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Board considers that, whilst these discussions are on-going, it is appropriate that the financial statements are prepared on a going concern basis and therefore do not include adjustments that would result if the Group were unable to continue as a going concern.

The only material adjustment that the Board has identified that would be required to be made if the financial statements were not prepared on a going concern basis would be to write down the value of Intangible assets to £nil from their carrying value of £988,000 at 31 July 2021. These intangible assets represent the cost of investment made by the Group in courses on the platform which are being amortised over a three year period from the date on which each course launched.

On behalf of the board

Andrew Hancock
Director

21 July 2022

FutureLearn Limited

Independent auditor's report

To the members of FutureLearn Limited

Opinion

We have audited the financial statements of FutureLearn Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 July 2021 and of the group's loss for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the going concern paragraph in the Directors report and note 1.4 of the financial statements, which describes the going concern position of the group in relation to the provision of future funding for the following 12 months. As stated, these events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as going concern. Our opinion is not modified in this respect.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties, other than that disclosed in the strategic report, directors' report and note 1.4, relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FutureLearn Limited

Independent auditor's report (continued)

To the members of FutureLearn Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of FutureLearn Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

FutureLearn Limited

Independent auditor's report (continued)

To the members of FutureLearn Limited

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lucy Brennan (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

21 July 2022

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

FutureLearn Limited

Group income statement
For the year ended 31 July 2021

		2021	2020
	Notes	£'000	£'000
Turnover	3	11,261	9,852
Cost of sales		(5,555)	(3,545)
Gross profit		5,706	6,307
Administrative expenses		(21,827)	(19,789)
Operating loss	4	(16,121)	(13,482)
Interest receivable and similar income	8	14	187
Loss before taxation		(16,107)	(13,295)
Tax on loss	9	(32)	(29)
Loss for the financial year		(16,139)	(13,324)

Loss for the financial year is all attributable to the owners of the parent company.

FutureLearn Limited

Group statement of comprehensive income
For the year ended 31 July 2021

	2021	2020
	£'000	£'000
Loss for the year	(16,139)	(13,324)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(16,139)</u>	<u>(13,324)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

FutureLearn Limited

Group statement of financial position

As at 31 July 2021

			2021		2020
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		988		152
Tangible assets	12		47		21
			<u>1,035</u>		<u>173</u>
Current assets					
Debtors	15	2,540		2,707	
Cash at bank and in hand		20,862		37,362	
		<u>23,402</u>		<u>40,069</u>	
Creditors: amounts falling due within one year	16	(7,890)		(7,661)	
Net current assets			<u>15,512</u>		<u>32,408</u>
Total assets less current liabilities			<u>16,547</u>		<u>32,581</u>
Creditors: amounts falling due after more than one year	17		(276)		(175)
Net assets			<u><u>16,271</u></u>		<u><u>32,406</u></u>
Capital and reserves					
Called up share capital	21		60,059		60,055
Share premium account			18,197		18,197
Profit and loss reserves			(61,985)		(45,846)
Total equity			<u><u>16,271</u></u>		<u><u>32,406</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21 July 2022 and are signed on its behalf by:

Andrew Hancock
Director

FutureLearn Limited

Company statement of financial position

As at 31 July 2021

			2021		2020
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		988		152
Tangible assets	12		47		21
Investments	13		34		-
			<u>1,069</u>		<u>173</u>
Current assets					
Debtors	15	2,571		2,707	
Cash at bank and in hand		20,774		37,362	
		<u>23,345</u>		<u>40,069</u>	
Creditors: amounts falling due within one year	16	(7,875)		(7,661)	
		<u></u>		<u></u>	
Net current assets			15,470		32,408
			<u></u>		<u></u>
Total assets less current liabilities			16,539		32,581
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	17		(276)		(175)
			<u></u>		<u></u>
Net assets			16,263		32,406
			<u><u></u></u>		<u><u></u></u>
Capital and reserves					
Called up share capital	21		60,059		60,055
Share premium account			18,197		18,197
Profit and loss reserves			(61,993)		(45,846)
			<u></u>		<u></u>
Total equity			16,263		32,406
			<u><u></u></u>		<u><u></u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £16,147,123 (2020 - £13,323,605 loss).

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Company statement of financial position (continued)

As at 31 July 2021

The financial statements were approved by the board of directors and authorised for issue on 21 July 2022 and are signed on its behalf by:

21 July 2022

Andrew Hancock

Director

Company Registration No. 08324083

FutureLearn Limited

Group statement of changes in equity
For the year ended 31 July 2021

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 August 2019		60,000	18,043	(32,522)	45,521
Year ended 31 July 2020:					
Loss and total comprehensive income for the year		-	-	(13,324)	(13,324)
Issue of share capital	21	55	-	-	55
Other movements		-	154	-	154
Balance at 31 July 2020		60,055	18,197	(45,846)	32,406
Year ended 31 July 2021:					
Loss and total comprehensive income for the year		-	-	(16,139)	(16,139)
Issue of share capital	21	4	-	-	4
Balance at 31 July 2021		60,059	18,197	(61,985)	16,271

FutureLearn Limited

Company statement of changes in equity
For the year ended 31 July 2021

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 August 2019		60,000	18,043	(32,522)	45,521
Year ended 31 July 2020:					
Loss and total comprehensive income for the year		-	-	(13,324)	(13,324)
Issue of share capital	21	55	-	-	55
Other movements		-	154	-	154
Balance at 31 July 2020		60,055	18,197	(45,846)	32,406
Year ended 31 July 2021:					
Loss and total comprehensive income for the year		-	-	(16,147)	(16,147)
Issue of share capital	21	4	-	-	4
Balance at 31 July 2021		60,059	18,197	(61,993)	16,263

FutureLearn Limited

Group statement of cash flows
For the year ended 31 July 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
Cash flows from operating activities					
Cash absorbed by operations	23		(15,225)		(10,957)
Investing activities					
Purchase of intangible assets		(1,275)		(120)	
Proceeds on disposal of intangibles		30		-	
Purchase of tangible fixed assets		(48)		(28)	
Interest received		14		187	
Net cash (used in)/generated from investing activities			(1,279)		39
Financing activities					
Proceeds from issue of shares		4		55	
Net cash generated from financing activities			4		55
Net decrease in cash and cash equivalents			(16,500)		(10,863)
Cash and cash equivalents at beginning of year			37,362		48,225
Cash and cash equivalents at end of year			20,862		37,362

FutureLearn Limited

Company statement of cash flows
For the year ended 31 July 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
Cash flows from operating activities					
Cash absorbed by operations	24		(15,279)		(10,957)
Investing activities					
Purchase of intangible assets		(1,275)		(120)	
Proceeds on disposal of intangibles		30		-	
Purchase of tangible fixed assets		(48)		(28)	
Subscription to shares in new subsidiary		(34)		-	
Interest received		14		187	
Net cash (used in)/generated from investing activities			(1,313)		39
Financing activities					
Proceeds from issue of shares		4		55	
Net cash generated from financing activities			4		55
Net decrease in cash and cash equivalents			(16,588)		(10,863)
Cash and cash equivalents at beginning of year			37,362		48,225
Cash and cash equivalents at end of year			20,774		37,362

1 Accounting policies

Company information

FutureLearn Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is 71 Queen Victoria Street, London, EC4V 4BE.

The group consists of FutureLearn Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company FutureLearn Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 July 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1 Accounting policies (continued)

1.4 Going concern

These financial statements are prepared on the going concern basis. The group has net assets of circa £16.3m (2020: £32.4m) and has reported a group loss before tax of £16.1m (2020: Loss of £13.3m). The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the group's ability to continue as a going concern.

Following a review of company cashflow forecasts, including plausible downside sensitivities, the Company does not currently have sufficient funding in place for its requirements for the 12 months from the date of signing the financial statements of the Company for the year ended 31 July 2021.

Per the Director's report, additional funding of £15m will be provided by its Current shareholders. These funds will be provided in three tranches of equal sums in July 2022, October 2022 and January 2023. The provision of the second and third tranches will be dependent on meeting agreed milestones specified by the shareholders.

This funding however will not be sufficient to allow the Group to meet its strategic objectives for the entire 12 month period from the date of signing the financial statements of the Group for the year ended 31 July 2021. The Board therefore remains in discussion with its Current Shareholders regarding options for raising further investment, including from third parties. Until those discussions are concluded, there remains a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the group financial statements (continued)
For the year ended 31 July 2021

1 Accounting policies (continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Courses	3 years
---------	---------

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	3 years
Plant and equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Notes to the group financial statements (continued)
For the year ended 31 July 2021

1 Accounting policies (continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

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

1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the group financial statements (continued)
For the year ended 31 July 2021

1 Accounting policies (continued)

1.18 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 judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Bad and doubtful debt judgements

At the year end, the debtor balances are reviewed, and management carries out a line by line review of the circumstances surrounding each debt; where it is deemed to be a bad debt the debt is written off or where it is deemed to be a doubtful debt a provision is made against the debt.

Impairments in respect of learning resources internally capitalised as intangible assets

At the year end the performance of each course is reviewed in relation to revenue generated by said course. If specific revenue targets are not being hit by one course management will impair the value of the course opposed to amortising it over the three year period as noted in the relevant accounting policy.

Share based payments

The year end the group estimates the cost of the B share scheme on an annual basis using the Black Scholes Method and amortises the total cost over the expected vesting period. The provision of the B share scheme are set out in note 21.

3 Turnover and other revenue

	2021	2020
	£'000	£'000
Turnover analysed by class of business		
Rendering of services	11,261	9,852
	=====	=====

FutureLearn Limited

Notes to the group financial statements (continued)
For the year ended 31 July 2021

3 Turnover and other revenue (continued)

	2021 £'000	2020 £'000
Turnover analysed by geographical market		
United Kingdom	7,166	5,988
European Union	1,555	1,172
Other	2,540	2,692
	<u>11,261</u>	<u>9,852</u>
	2021 £'000	2020 £'000
Other significant revenue		
Interest income	14	187
	<u>14</u>	<u>187</u>

4 Operating loss

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	46	30
Depreciation of owned tangible fixed assets	22	7
Amortisation of intangible assets	275	47
Impairment of intangible assets	82	-
Loss on disposal of intangible assets	52	-
Share-based payments	189	1,903
Operating lease charges	909	1,572
	<u>1,583</u>	<u>3,531</u>

5 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	40	43
	<u>40</u>	<u>43</u>

Notes to the group financial statements (continued)
For the year ended 31 July 2021

6 Employees

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

Group		Company	
2021	2020	2021	2020
Number	Number	Number	Number
209	162	209	162
=====	=====	=====	=====

Their aggregate remuneration comprised:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Wages and salaries	15,666	10,798	15,681	10,798
Social security costs	1,449	1,218	1,449	1,218
Pension costs	394	379	394	379
	=====	=====	=====	=====
	17,509	12,395	17,524	12,395
	=====	=====	=====	=====

7 Directors' remuneration

	2021	2020
	£'000	£'000
Remuneration for qualifying services	343	483
	=====	=====

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	2020
	£'000	£'000
Remuneration for qualifying services	300	308
Company pension contributions to defined contribution schemes	15	15
	=====	=====

FutureLearn Limited

Notes to the group financial statements (continued)

For the year ended 31 July 2021

8 Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest income		
Interest on bank deposits	14	187
	<u> </u>	<u> </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss

	14	187
	<u> </u>	<u> </u>

9 Taxation

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	32	29
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£'000	£'000
Loss before taxation	(16,107)	(13,295)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(3,060)	(2,526)
Tax effect of expenses that are not deductible in determining taxable profit	55	115
Unutilised tax losses carried forward	2,930	2,410
Double tax relief	2	-
Other permanent differences	105	30
	<u> </u>	<u> </u>
Taxation charge	32	29
	<u> </u>	<u> </u>

Notes to the group financial statements (continued)
For the year ended 31 July 2021

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £'000	2020 £'000
In respect of:			
Intangible assets	11	82	-
		<u>82</u>	<u>-</u>
Recognised in:			
Administrative expenses		82	-
		<u>82</u>	<u>-</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

11 Intangible fixed assets

Group	Courses £'000
Cost	
At 1 August 2020	205
Additions	1,275
Disposals	(99)
	<u>1,381</u>
At 31 July 2021	1,381
Amortisation and impairment	
At 1 August 2020	53
Amortisation charged for the year	275
Impairment losses	82
Disposals	(17)
	<u>393</u>
At 31 July 2021	393
Carrying amount	
At 31 July 2021	988
	<u>988</u>
At 31 July 2020	152
	<u>152</u>

FutureLearn Limited

Notes to the group financial statements (continued)

For the year ended 31 July 2021

11 Intangible fixed assets (continued)

Company	Courses £'000
Cost	
At 1 August 2020	205
Additions	1,275
Disposals	(99)
	<hr/>
At 31 July 2021	1,381
	<hr/>
Amortisation and impairment	
At 1 August 2020	53
Amortisation charged for the year	275
Impairment losses	82
Disposals	(17)
	<hr/>
At 31 July 2021	393
	<hr/>
Carrying amount	
At 31 July 2021	988
	<hr/> <hr/>
At 31 July 2020	152
	<hr/> <hr/>

More information on impairment movements in the year is given in note 10.

FutureLearn Limited

Notes to the group financial statements (continued)
For the year ended 31 July 2021

12 Tangible fixed assets

Group	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 August 2020	-	28	28
Additions	48	-	48
	<u>48</u>	<u>28</u>	<u>76</u>
At 31 July 2021	48	28	76
	<u>48</u>	<u>28</u>	<u>76</u>
Depreciation and impairment			
At 1 August 2020	-	7	7
Depreciation charged in the year	14	8	22
	<u>14</u>	<u>8</u>	<u>22</u>
At 31 July 2021	14	15	29
	<u>14</u>	<u>15</u>	<u>29</u>
Carrying amount			
At 31 July 2021	34	13	47
	<u>34</u>	<u>13</u>	<u>47</u>
At 31 July 2020	-	21	21
	<u>-</u>	<u>21</u>	<u>21</u>
Company			
	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 August 2020	-	28	28
Additions	48	-	48
	<u>48</u>	<u>28</u>	<u>76</u>
At 31 July 2021	48	28	76
	<u>48</u>	<u>28</u>	<u>76</u>
Depreciation and impairment			
At 1 August 2020	-	7	7
Depreciation charged in the year	14	8	22
	<u>14</u>	<u>8</u>	<u>22</u>
At 31 July 2021	14	15	29
	<u>14</u>	<u>15</u>	<u>29</u>
Carrying amount			
At 31 July 2021	34	13	47
	<u>34</u>	<u>13</u>	<u>47</u>
At 31 July 2020	-	21	21
	<u>-</u>	<u>21</u>	<u>21</u>

FutureLearn Limited

Notes to the group financial statements (continued)
For the year ended 31 July 2021

13 Fixed asset investments

		Group		Company	
	Notes	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Investments in subsidiaries	14	-	-	34	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in fixed asset investments

Company	Shares in subsidiaries
	£'000
Cost or valuation	
At 1 August 2020	-
Additions	34
	<u> </u>
At 31 July 2021	34
	<u> </u>
Carrying amount	
At 31 July 2021	34
	<u> </u>
At 31 July 2020	-
	<u> </u>

14 Subsidiaries

Details of the company's subsidiaries at 31 July 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
FutureLearn Australia Pty Limited	Melbourne, 3004, Victoria, Australia	Ordinary	100.00

15 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	1,464	2,241	1,495	2,241
Other debtors	4	3	4	3
Prepayments and accrued income	1,072	463	1,072	463
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,540	2,707	2,571	2,707
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

FutureLearn Limited

Notes to the group financial statements (continued)
For the year ended 31 July 2021

16 Creditors: amounts falling due within one year

		Group		Company	
	Notes	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Trade creditors		661	362	661	362
Amounts owed to group undertakings		486	251	486	251
Corporation tax payable		60	29	57	29
Other taxation and social security		547	440	538	440
Deferred income	18	2,481	2,388	2,481	2,388
Other creditors		135	379	132	379
Accruals		3,520	3,812	3,520	3,812
		<u>7,890</u>	<u>7,661</u>	<u>7,875</u>	<u>7,661</u>

17 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Other creditors		276	175	276	175
		<u>276</u>	<u>175</u>	<u>276</u>	<u>175</u>

18 Deferred income

		Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Other deferred income		2,481	2,388	2,481	2,388
		<u>2,481</u>	<u>2,388</u>	<u>2,481</u>	<u>2,388</u>

19 Retirement benefit schemes

		2021	2020
		£'000	£'000
Defined contribution schemes			
Charge to profit or loss in respect of defined contribution schemes		394	379
		<u>394</u>	<u>379</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Notes to the group financial statements (continued)
For the year ended 31 July 2021

20 Share-based payment transactions

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Expenses recognised in the year				
Share-based compensation expense and restructuring costs	(130)	844	(130)	844

The Group continues to operate a share scheme for member of the Senior Leadership Team (the "B share scheme"). Under this scheme, a class of shares (known as B Ordinary Shares) representing up to 10% of the parent company's share capital may be allocated by the Board to members of the scheme. As at July 2021 5.9 million B shares (2020: 5.5 million) have been allocated.

The B shares are purchased by the scheme members at fair market value and vest over a period of four years. The terms attached to the shares mean that they have a value only when the Company is worth more than £100 million. The opportunities to sell the shares are limited to specific liquidity events as defined by the Board. The B shares have no voting rights but they do have dividends rights.

Restructuring costs relate to changes in team structure made during the year including previous amount provided for being reversed due to members inside the scheme leaving the business and as such forfeiting their B shares.

21 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£'000	£'000
Issued and fully paid				
Ordinary shares of £1 each	60,000,000	60,000,000	60,000	60,000
B Ordinary shares of 1p each	5,900,001	5,500,002	59	55
	<u>65,900,001</u>	<u>65,500,002</u>	<u>60,059</u>	<u>60,055</u>

FutureLearn Limited

Notes to the group financial statements (continued)

For the year ended 31 July 2021

22 Related party transactions

Group

During the year FutureLearn Limited incurred charges of £448,489 (2020: £243,781) from The Open University for various costs related to course services, staff and training. FutureLearn Limited received degree enrolment and partner fees totalling £279,230 (2020: £51,608) from The Open University. At year end, the company was owed £251,712 in relation to its degrees contract.

FutureLearn Limited incurred charges of £100,805 (2020: £12,982) from SEEK Limited and its subsidiaries for costs related to course and partner services.

The above transactions were carried out on an arm's length basis.

Company

The directors have taken advantage of the exemption in FRS 102 section 33.1A from disclosing transactions between two or more wholly owned members of a group.

During the year FutureLearn Limited incurred charges of £448,489 (2020: £243,781) from The Open University for various costs related to course services, staff and training. FutureLearn Limited received degree enrolment and partner fees totalling £279,230 (2020: £51,608) from The Open University. At year end, the company was owed £251,712 in relation to its degrees contract.

FutureLearn Limited incurred charges of £100,805 (2020: £12,982) from SEEK Limited and its subsidiaries for costs related to course and partner services.

The above transactions were carried out on an arm's length basis.

FutureLearn Limited

Notes to the group financial statements (continued)
For the year ended 31 July 2021

23 Cash absorbed by group operations

	2021 £'000	2020 £'000
Loss for the year after tax	(16,139)	(13,324)
Adjustments for:		
Taxation charged	32	29
Investment income	(14)	(187)
Loss on disposal of intangible assets	52	-
Amortisation and impairment of intangible assets	357	47
Depreciation and impairment of tangible fixed assets	22	7
Movements in working capital:		
Decrease/(increase) in debtors	167	(782)
Increase in creditors	205	865
Increase in deferred income	93	2,388
Cash absorbed by operations	(15,225)	(10,957)

24 Cash absorbed by operations - company

	2021 £'000	2020 £'000
Loss for the year after tax	(16,147)	(13,324)
Adjustments for:		
Taxation charged	29	29
Investment income	(14)	(187)
Loss on disposal of intangible assets	52	-
Amortisation and impairment of intangible assets	357	47
Depreciation and impairment of tangible fixed assets	22	7
Movements in working capital:		
Decrease/(increase) in debtors	136	(782)
Increase in creditors	193	865
Increase in deferred income	93	2,388
Cash absorbed by operations	(15,279)	(10,957)

FutureLearn Limited

Notes to the group financial statements (continued)

For the year ended 31 July 2021

25 Analysis of changes in net funds - group

	1 August 2020	Cash flows	31 July 2021
	£'000	£'000	£'000
Cash at bank and in hand	37,362	(16,500)	20,862
	<u> </u>	<u> </u>	<u> </u>

26 Analysis of changes in net funds - company

	1 August 2020	Cash flows	31 July 2021
	£'000	£'000	£'000
Cash at bank and in hand	37,362	(16,588)	20,774
	<u> </u>	<u> </u>	<u> </u>

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.