Registration number: 09280068

WeWork International Limited (previously known as WeWork UK Limited)

Annual report and consolidated financial statements

for the year ended 31 December 2017

WeWork International Limited (previously known as WeWork UK Limited)

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WeWork International Limited (previously known as WeWork UK Limited)

Company information

Directors	Abraham Safdie Anthony Yazbeck
Company secretary	7Side Secretarial Limited
Registered office	c/o Legalinx Limited 1 Fetter Lane London EC4A 1BR
Auditor	RSM UK Audit LLP Chartered Accountants and Statutory Auditor 25 Farringdon Street London EC4A 4AB

WeWork International Limited (previously known as WeWork UK Limited)

Strategic report
For the year ended 31 December 2017

The Directors present the Strategic report of WeWork International Limited (previously known as WeWork UK Limited) ("the Group" and "the Company") for the year ended 31 December 2017, to comply with s414C of the Companies Act 2006.

Principal activity
The Group transforms office space into collaborative workspaces and provides the infrastructure, services, events and technology so its members can focus on their businesses.

Review of the business and future developments
The Directors are satisfied with the performance for the year. The Group has continued to expand operations across London and opened nine additional locations during the year ended 31 December 2017. Membership and service income increased by £57,346,403 to £118,267,851 during the year ended 31 December 2017 compared to £60,921,448 during the year ended 31 December 2016 as a result of the continued expansion of operations and increases in membership.

Expenses exceeded membership and service income during the year ended 31 December 2017 as a result of the Group's rapid expansion. The Group incurs significant expenses during the period from possession of a leased space to the opening of a location, however net cashflow from operating activities was positive as a significant component of the operating lease expenses incurred represents the impact of the straight-line amortisation of rent holidays prior to the commencement of cash rent payments at the beginning of new leases. The Group also receives positive operating cashflow as it collects tenant improvement allowances payable by the landlord to the Group pursuant to its lease agreements. The impact of the straight-line amortisation of rent holidays and tenant improvement allowances received or receivable also contributes to the £152,898,831 deferred lease liabilities recorded on the Group's consolidated statement of financial position as of 31 December 2017 (2016: £73,126,318). As of 31 December 2017 the Group also had investments in property, plant and equipment of £204,734,712 (2016: £117,222,560) and net liabilities of £52,628,094 (2016: £25,911,023) recorded on its consolidated statement of financial position.

The Group expects to continue expansion with the opening of additional locations during 2018 and 2019. The real estate market the Group targets through its product lines is very significant and currently fragmented with no branded market participants. The Group's management believes that this market is at a structural tipping point and present attractive opportunities for innovation. The Group plans to capitalise on these opportunities by offering on-demand subscription-based solutions that allow people to more efficiently and effectively use and share physical space resources and related services. The Group's management sees a disconnect between existing real estate solutions and the productivity needs and stylistic preferences of today's mobile, creative, and collaborative workforce. As people adjust to an increasingly populated and increasingly urban world, the need to revise outdated modes of commerce and habitation will become more acute. These needs will increasingly prompt businesses and individuals to seek out options that more efficiently organise and more sustainably support their day-to-day lives. As a result of these trends and the Group's flexible yet discerning approach to site selection, a significant amount of real estate has become available to the Group to be redesigned and redeveloped in order to accommodate the preferences of an increasingly millennial-dominated population. As its addressable market continues to grow, the Group expects that the supply of real estate that becomes available to it will grow in parallel, and that the Group will act as the bridge between real estate owners and an increasingly mobile and contingent workforce.

Key performance indicators
Due to the early stage development of the Group, it is not meaningful to consider a further review of the many standard key performance indicators at this stage. As a result of the focus on the expansion of the Group's operations in the United Kingdom, the Group's key performance indicators include the number of locations it operates, occupancy rates, growth in membership and service income and annual cash flows used in investing activities. As of 31 December 2017, the Group had 20 locations open for member operations. Membership and service income grew 94% during the year ended 31 December 2017 compared to the year ended 31 December 2016. Cash flow used in investing activities was £98,815,762 for the year ended 31 December 2017 (2016: £65,803,881). As the Group develops and operations mature, these the key performance indicators will be re-reviewed and monitored on an ongoing basis.

Financial risk management objectives and policies
The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

Principal risks and uncertainties
The Group is exposed to market risk, credit risk, foreign currency risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The principal risk facing the Company is uncertainty in the macro-economic environment. As of the report date, we are within 7 months from the March 29, 2019 secession of the UK from the EU. Negotiations between the UK and EU may impact the Company's UK operations. Triggering Article 50 has also impacted the GBP currency exchange rate.

Another key risk impacting the Company is the long-term and fixed cost nature of the Company's lease which may limit operating flexibility and could adversely affect the Company's liquidity and results of operations. The Company currently leases its location under a long-term lease. The Company's obligation to the landlord under this agreement extends for a period that exceeds the length of the Company's membership agreements with its members, the shortest of which may be terminated by a member upon one calendar month's notice. The Company mitigates this risk through diversification of its real estate portfolio; development of proprietary technology; offerings for its members which increase retention; as well as expansion into longer term membership agreements with its customers.

Approved by the Board on .27.. September 2018 and signed on its behalf by:

....
Abraham Safdie
Director

WeWork International Limited (previously known as WeWork UK Limited)

Directors' report
For the year ended 31 December 2017

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2017.

The Company has, in accordance with section 414C of the Companies Act, set out in the Strategic Report information regarding key performance indicators, principal risks and uncertainties, and future developments that would otherwise have been set out in the Directors' Report.

The Company, WeWork UK Limited, changed its name to WeWork International Limited on 15 June 2018.

Financial results and dividends
During the year, the Group generated significant revenue figures of £118,267,851 (2016: £60,921,448) through membership fees and other income. There were administrative expenses of £163,172,428 (2016: £83,135,483) during the year. In light of this, the Group is reporting a loss of £32,281,852 (2016: £11,097,123) for the year ended 31 December 2017.

Cash and cash equivalents as at the year end for the Group were £9,836,849 (2016: £3,401,320).

The Directors do not propose the payment of a dividend for the year (2016: £nil).

Directors
The Directors who held office throughout the year and up to the date of the signing of the consolidated financial statements, unless otherwise stated were as follows:

Abraham Safdie

Michael Nolan (resigned 19 October 2017)

Anthony Yazbeck (appointed 19 October 2017)

Going concern
The accounts have been prepared on a going concern basis; see note 3 for further details.

Director Indemnity
Qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) are in force for the benefit of the Directors.

Events after the reporting date
Details of events after the reporting date can be found in note 25.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Directors' responsibilities statement

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 such financial statements for each financial period, Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 101 Reduced Disclosure Framework). Under Company law the Directors must not approve the consolidated 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 and Company for that period. In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements 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 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 consolidated 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.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Approved by the Board on 27 September 2018 and signed on its behalf by:

....

Abraham Safdie
Director

Independent auditor's report to the members of WeWork International Limited

Opinion on financial statements

We have audited the financial statements of WeWork International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Other information (continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter 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 has 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 set out on page 5, 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's 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 the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of WeWork International Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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 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 company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

David Clark FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 28 September 2018

WeWork International Limited (previously known as WeWork UK Limited)

Consolidated statement of comprehensive income
For the year ended 31 December 2017

	Note	2017 £	2016 £
Revenue	5	118,267,851	60,921,448
Administrative expenses		(163,172,428)	(83,135,483)
Other operating income	6	15,053,557	13,473,171
Operating loss		(29,851,020)	(8,740,864)
Finance costs	7	(2,430,832)	(2,356,259)
Loss before tax		(32,281,852)	(11,097,123)
Tax	10	-	-
Loss for the financial year	11	(32,281,852)	(11,097,123)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(32,281,852)	(11,097,123)
Comprehensive loss attributable to:			
Owners of the Company		(32,281,852)	(11,097,123)

The above results were derived from continuing operations.

The notes on pages 15 to 40 form an integral part of these financial statements.

WeWork International Limited (previously known as WeWork UK Limited)

Consolidated statement of financial position
As at 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	12	204,734,712	117,222,560
Current assets			
Trade and other receivables	14	93,157,891	60,647,083
Cash and cash equivalents	15	9,836,849	3,401,320
Total current assets		102,994,740	64,048,403
Total assets		307,729,452	181,270,963
Current liabilities			
Trade and other payables	16	(82,922,706)	(30,155,933)
Net current assets		20,072,034	33,892,470
Total assets less current liabilities		224,806,746	151,115,030
Non-current liabilities			
Borrowings	17	(120,105,717)	(101,471,015)
Deferred lease liabilities	18	(152,898,831)	(73,126,318)
Total non-current liabilities		(273,004,548)	(174,597,333)
Provisions for liabilities	20	(4,430,292)	(2,428,720)
Total liabilities		(360,357,546)	(207,181,986)
Net liabilities		(52,628,094)	(25,911,023)
Equity			
Called-up share capital	21	1	1
Capital contribution reserve	21	5,564,781	-
Retained earnings	21	(58,192,876)	(25,911,024)
Total shareholders' deficit		(52,628,094)	(25,911,023)

The consolidated financial statements of WeWork International Limited (previously known as WeWork UK Limited) (registration number: 09280068) were approved by the Board of Directors and authorised for issue on 27 September 2018

They were signed on its behalf by:

....

Abraham Safdie
Director

The notes on pages 15 to 40 form an integral part of these financial statements.

WeWork International Limited (previously known as WeWork UK Limited)

Company statement of financial position
As at 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	12	1,514,122	287,432
Investments in subsidiaries	13	439,434	439,422
Trade and other receivables	14	92,712,081	-
Total non-current assets		94,665,637	726,854
Current assets			
Trade and other receivables	14	55,893,140	26,609,614
Cash and cash equivalents	15	8,652,592	313,570
Total current assets		64,545,732	26,923,184
Total assets		159,211,369	27,650,038
Current liabilities			
Trade and other payables	16	(52,554,339)	(6,461,370)
Net current assets		11,991,393	20,461,814
Total assets less current liabilities		106,657,030	21,188,668
Non-current liabilities			
Borrowings	17	(110,689,951)	(23,199,681)
Net liabilities		(4,032,921)	(2,011,013)
Equity			
Called-up share capital	21	1	1
Capital contribution reserve	21	5,564,781	-
Retained earnings	21	(9,597,703)	(2,011,014)
Total shareholders' deficit		(4,032,921)	(2,011,013)

As permitted by section 408 Companies Act 2006, the parent company's statement of comprehensive income has not been included in these financial statements. The loss for the year ended 31 December 2017 was £7,586,689 (2016: £2,016,013).

The Company financial statements of WeWork International Limited (previously known as WeWork UK Limited) (registration number: 09280068) were approved by the Board of Directors and authorised for issue on 27 September 2018

They were signed on its behalf by:

....

Abraham Safdie
Director

The notes on pages 15 to 40 form an integral part of these financial statements.

WeWork International Limited (previously known as WeWork UK Limited)

Consolidated statement of changes in equity
For the year ended 31 December 2017

	Called-up share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2016	1	-	(14,813,901)	(14,813,900)
Loss for the year	-	-	(11,097,123)	(11,097,123)
Total comprehensive loss for the year	-	-	(11,097,123)	(11,097,123)
As at 31 December 2016	1	-	(25,911,024)	(25,911,023)

	Called-up share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2017	1	-	(25,911,024)	(25,911,023)
Loss for the year	-	-	(32,281,852)	(32,281,852)
Total comprehensive loss for the year	-	-	(32,281,852)	(32,281,852)
Share based payment transactions (see note 19)	-	5,564,781	-	5,564,781
As at 31 December 2017	1	5,564,781	(58,192,876)	(52,628,094)

The notes on pages 15 to 40 form an integral part of these financial statements.

WeWork International Limited (previously known as WeWork UK Limited)

Company statement of changes in equity
For the year ended 31 December 2017

	Called-up share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2016	1	-	4,999	5,000
Loss for the year	-	-	(2,016,013)	(2,016,013)
Total comprehensive loss for the year	-	-	(2,016,013)	(2,016,013)
As at 31 December 2016	1	-	(2,011,014)	(2,011,013)

	Called-up share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2017	1	-	(2,011,014)	(2,011,013)
Loss for the year	-	-	(7,586,689)	(7,586,689)
Total comprehensive loss for the year	-	-	(7,586,689)	(7,586,689)
Share based payment transactions (see note 19)	-	5,564,781	-	5,564,781
As at 31 December 2017	1	5,564,781	(9,597,703)	(4,032,921)

The notes on pages 15 to 40 form an integral part of these financial statements.

WeWork International Limited (previously known as WeWork UK Limited)

Consolidated statement of cash flows
For the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss for the year		(32,281,852)	(11,097,123)
Adjustments to cash flows from non-cash items:			
Depreciation	11	12,204,734	6,719,435
Finance costs	7	2,430,832	2,356,259
Share based payment transactions		5,564,781	-
		(12,081,505)	(2,021,429)
Working capital adjustments:			
Increase in trade and other receivables	14	(32,510,808)	(17,062,481)
Increase in trade and other payables	16	49,463,790	8,731,208
Increase in deferred lease liability	18	79,772,513	28,282,076
Increase in provisions	20	2,001,572	1,674,949
Net cash flow from operating activities		86,645,562	19,604,323
Cash flows from investing activities			
Acquisitions of property, plant and equipment		(98,844,735)	(65,803,881)
Cash flows from financing activities			
Proceeds from borrowings	17	18,634,702	45,078,777
Net increase/(decrease) in cash and cash equivalents		6,435,529	(1,120,781)
Cash and cash equivalents at start of year		3,401,320	4,522,101
Cash and cash equivalents at end of year		9,836,849	3,401,320

The notes on pages 15 to 40 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:
c/o Legalinx Limited
1 Fetter Lane
London
EC4A 1BR

These financial statements are presented in pounds sterling, which is the Group's functional and presentational currency. All financial information presented in pounds sterling has been rounded to the nearest pound. Foreign operations are included in accordance with the policies set out in notes below.

The nature of the Group's operations and its principal activities are set out in the Strategic report on page 2.

2 Adoption of new and revised standards

Standards, amendments and interpretations effective on or after 1 January 2017
No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017, have had a material impact on the Company.

Early adoption of standards
The Group did not adopt new or amended standards in the year that have yet to become effective.

Standards issued but not yet effective

IFRS 9	Financial Instruments	Effective 1 January 2018
IFRS 15	Revenue from Contracts with Customers	Effective 1 January 2018
IFRS 16	Leases	Effective 1 January 2019
IFRS 2 (amendments)	Classification and measurement of share-based payment transactions	Effective 1 January 2018

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except in respect of IFRS 16 as noted below:

IFRS 9 was issued in November 2009 and replaces those parts of 1AS 39 relating to the classification and measurement of financial assets. Key features are as follows:

IFRS 9 introduces a new classification approach to financial assets and liabilities. The categories of financial assets and liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. The Directors do not expect this to have a material impact on the financial statements.

2 Adoption of new and revised standards (continued)

Standards issued but not yet effective (continued)

IFRS 15 'Revenue from Contracts with Customers'

The core principle of IFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods starting on or after 1 January 2018.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and applies to all leases including subleases. The standard eliminates the classification by a lessee of leases as either operating or finance. All leases will instead be treated similarly to that of finance leases in accordance with IAS 17. The standard will become effective for accounting periods beginning on 1 January 2019.

The Group is evaluating the impact IFRS 9 and IFRS 15 will have on its consolidated financial position, result of operations, and cash flows; however, the adoption of either standard is not expected to have a material financial impact.

In view of operating commitments in note 23, the Group is evaluating the impact of the implementation of IFRS 16; however, the expectation is the adoption will have a material impact on the Group's consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC and, therefore, the Company's financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, comparative information on property, plant and equipment, presentation of a cash flow statement, disclosure of standards not yet effective and their potential impact, impairment of assets and related party transactions.

3 Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, based on the continued support by its parent company. The Directors have prepared projections for at least twelve months from the date of approval of these financial statements. These projections have been prepared using assumptions which the Directors consider to be appropriate to the current financial position of the Group as regards to current expected revenues and its cost base and the Group's available support from its parent.

The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be necessary in the event that adequate funding was not made available.

Revenue recognition

The Group provides memberships to individuals and companies generally on a month-to-month basis, which can be cancelled with at least one month's prior notice. WeWork membership affords these individuals and companies access to office space, use of a shared internet connection, access to certain facilities (kitchen, common areas, etc.), a monthly allowance of conference room hours and prints/copies, and access to the WeWork mobile application. The price of each membership is variable, based on the particular characteristics of the office space occupied by the member, the geographic location of the workspace, and the amount of desk space per office.

Membership revenue consists primarily of fees from members and is recognised monthly as access to office space is provided. All services included in a monthly membership allowance that remain unused at the end of a given month expire. Service revenue consists of additional billings to members for the ancillary services they may access through their memberships, in excess of the monthly allowances included in membership revenue and commissions earned by the Group on various services and benefits provided to our members. Service revenue is recognised on a monthly basis as the services are provided. The Group recognises revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) services have been provided; (3) the collection of fees is reasonably assured; and (4) the amount of fees to be paid is fixed or determinable.

Foreign currency transactions and balances

Transactions in currencies other than the Group and Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date and included in other expenses. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3 Significant accounting policies (continued)

Tax

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 profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the end of each reporting year. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write-off the costs of assets less their residual value over their estimated useful lives, using the straight-line method commencing from the month the asset is brought into use, on the following basis:

3 Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation

Asset class	Depreciation method and rate
Leasehold improvements	Shorter of term of lease or useful life
Furniture, fittings and equipment	3 - 7 years
Computer equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

Property and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that the asset may have been impaired. In evaluating an asset for recoverability, the Group considers the future cash flows expected to result from the use of the asset and the eventual disposal of the asset. If the sum of the expected future cash flows, on an undiscounted basis, is less than the carrying amount of the asset, an impairment loss equal to the excess of the carrying amount over the fair value of the asset is recognised. The Group's management determined that no events or changes in circumstances occurred that indicate the asset carrying values were no longer recoverable and that no impairment charge was necessary for the year ended 31 December 2017.

Dilapidation provision

Certain lease agreements contain provisions that require the Group to remove leasehold improvements at the end of the lease term. When such an obligation exists, the Group records an dilapidation provision at the inception of the lease at its estimated fair value. The associated dilapidation costs are capitalised as part of the carrying amount of the leasehold improvements and depreciated over their useful life. The dilapidation provision is accreted to its estimated future value as interest expense using the effective-interest rate method.

Trade receivables

Trade receivables are amounts due from members for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables

Other receivables are initially measured at fair value and subsequently amortised cost using the effective interest method less any impairment.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less from the date of purchase.

3 Significant accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price.

Borrowings

Interest-bearing loans are recorded at the proceeds received net of direct issue costs. Borrowing costs are recognised in profit or loss in the year in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. The Group did not have any qualifying assets and therefore, no borrowing costs have been capitalised in the current year or in prior year.

Leases

The Group leases property for its collaborative workspaces. The lease agreement contains tenant improvement allowances, rent holidays, brokerage commissions received for negotiating the Group's leases, rent escalation clauses and contingent rent provisions. The lease agreement qualifies as an operating lease and the Group recognises the associated rent expense on a straight-line basis over the term of the lease beginning on the date of initial possession, which is when the Group enters the space and begins to make improvements in preparation for intended use.

Tenant improvement allowances, rent holidays, brokerage commissions and rent escalation clauses are factored into the calculation of the deferred rent liability in order to record rent expense on a straight-line basis. The deferred rent liability is recorded within non-current liabilities on the consolidated statement of financial position.

Costs to acquire the lease were capitalised and recorded under leasehold improvements in the balance sheet, and amortised on a straight-line basis over the term of the lease as an increase to the depreciation expense. .

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

Equity-settled share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3 Significant accounting policies (continued)

Financial assets

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Operating lease commitments
The Group has entered into commercial property leases as lessee on its investment property portfolio and as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

5 Revenue

The analysis of the Group's revenue for the year, which arises in the United Kingdom, is as follows:

	2017	2016
	£	£
Membership and service income	118,267,851	60,921,448

6 Other operating income

	2017	2016
	£	£
Management fee income	15,053,557	13,473,171

7 Finance costs

	2017	2016
	£	£
Interest on group loans	2,267,667	2,257,081
Other finance costs	163,165	99,178
	2,430,832	2,356,259

8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	Group and Company	
	2017	2016
	£	£
Wages and salaries	12,374,917	6,005,865
Social security costs	1,933,219	608,979
Other short-term employee benefits	48,749	9,296
Share-based payment expense	5,564,781	-
	19,921,666	6,624,140

The average monthly number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	Group and Company	
	2017	2016
	No.	No.
Administration and support	198	97

8 Staff costs (continued)

Remuneration of the Group and Company's directors and key management personnel for the current and prior years was borne by other Group undertakings and it is not practical to allocate the time the directors and key management personnel spent on the UK Group.

No employee or Director received any pension benefits in the year (2016: £nil).

9 Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2017 £	2016 £
Fees payable to the company's auditors for:		
- Audit of the company's annual accounts	32,500	25,000
- Audit of the company's subsidiaries pursuant to legislation	271,000	235,000
	303,500	260,000

10 Tax

Tax charged in the consolidated statement of comprehensive income:

	2017 £	2016 £
Current tax		
UK corporation tax charge for the year	-	-
Deferred tax		
Deferred taxation charge for the year	-	-
Tax charged in the consolidated statement of comprehensive income	-	-

10 Tax (continued)

The tax on loss before taxation for the year differs from the effective rate of corporation tax in the UK of 19.25% (2016: 20.00%).

The differences are reconciled below:

	2017 £	2016 £
Loss before tax	(32,281,852)	(11,097,123)
Loss before taxation multiplied by the effective UK corporation tax rate of 19.25% (2016: 20.00%)	(6,206,755)	(2,219,425)
Effects of:		
Expenses not deductible for tax purposes	1,825,923	1,224,011
Income not taxable	(769,925)	(345,207)
Tax rate changes	-	(2,379)
Unrecognised tax losses	4,842,400	1,350,843
Other reliefs	-	(7,843)
Share options	314,362	-
Effects of land remediation relief	(6,005)	-
Total tax charge for the year	-	-

A deferred tax asset of £8,918,748 (2016: £3,631,533) has not been recognised in respect of carry forward losses and temporary timing differences, as there is insufficient certainty that the deferred tax assets will be utilised in the foreseeable future.

Factors that may affect future tax charges
The corporate tax rate was reduced from 21% to 20% from 1 April 2015. Finance (No. 2) Act 2015 provided for further reductions to the UK corporation tax rate to 19% and 18% effective from 1 April 2017 and 1 April 2020 respectively. In the Finance Bill 2016 the Chancellor of the Exchequer announced an additional 1% reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. The Finance Bill 2016 had been substantively enacted at the balance sheet date and consequently these reduced rates have been reflected in the calculation of deferred tax.

11 Loss for the financial year

Loss for the financial year is stated after charging:

	2017 £	2016 £
Foreign exchange losses	2,531,697	358,142
Depreciation of property, plant and equipment	12,204,734	6,719,435
Occupancy and infrastructure costs	41,365,221	25,776,051
Rent expenses - real estate	54,822,474	35,874,717
Staff costs	18,622,908	6,624,140
General administrative expenses	10,641,201	5,686,476
Management fee expense	22,984,196	2,096,522

12 Property, plant and equipment

Group

	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2016	51,858,530	4,789,811	6,442	56,654,783
Additions	63,450,363	5,240,094	117,627	68,808,084
Adjustments to construction accrual estimate	(424,760)	(49,070)	(59)	(473,889)
Transfers	(7,127,146)	7,127,146	-	-
At 31 December 2016	107,756,987	17,107,981	124,010	124,988,978
At 1 January 2017	107,756,987	17,107,981	124,010	124,988,978
Additions	91,353,960	8,939,927	384,963	100,678,850
Adjustments to construction accrual estimate	(426,309)	(535,655)	-	(961,964)
Transfers	(7,839,770)	7,839,770	-	-
Disposals	-	(1,893)	1,893	-
At 31 December 2017	190,844,868	33,350,130	510,866	224,705,864
Depreciation				
At 1 January 2016	764,476	280,312	2,195	1,046,983
Charge for year	4,032,424	2,660,677	26,334	6,719,435
At 31 December 2016	4,796,900	2,940,989	28,529	7,766,418
At 1 January 2017	4,796,900	2,940,989	28,529	7,766,418
Charge for the year	8,408,792	3,791,405	4,537	12,204,734
At 31 December 2017	13,205,692	6,732,394	33,066	19,971,152
Carrying amount				
At 31 December 2017	177,639,176	26,617,736	477,800	204,734,712
At 31 December 2016	102,960,087	14,166,992	95,481	117,222,560

12 Property, plant and equipment (continued)

Company

	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2017	169,780	33,008	113,698	316,486
Additions	9,317	920,650	383,143	1,313,110
At 31 December 2017	179,097	953,658	496,841	1,629,596
Depreciation				
At 1 January 2017	-	2,763	26,291	29,054
Charge for the year	5,779	80,641	-	86,420
At 31 December 2017	5,779	83,404	26,291	115,474
Carrying amount				
At 31 December 2017	173,318	870,254	470,550	1,514,122
At 31 December 2016	169,780	30,245	87,407	287,432

13 Investments

Summary of the Company investments

	2017 £	2016 £
Investments in subsidiaries	439,434	439,422

Subsidiaries	£
Cost or valuation	
At 1 January 2017	439,422
Additions	12
At 31 December 2017	439,434
Carrying amount	
At 31 December 2017	439,434
At 31 December 2016	439,422

As at 31 December 2017, the subsidiaries in which the Company holds nominal value of any class of share capital were as follows and consolidated within WeWork International Limited (previously known as WeWork UK Limited) consolidated accounts. All reporting periods for the parent and subsidiaries are coterminous:

13 Investments (continued)

Name of subsidiary	Nature of business	Country of incorporation	Class and proportion of nominal value of issued shares held %
125 Kingsway Tenant Limited (previously 1 Bow Churchyard Tenant Limited)	Office space	United Kingdom	Ordinary 100%
1 Mark Square Tenant Limited	Office space	United Kingdom	Ordinary 100%
1St Katharine's Way Tenant Limited	Office space	United Kingdom	Ordinary 100%
10 Back Hill Tenant Limited	Office space	United Kingdom	Ordinary 100%
12 Hammersmith Grove Tenant Limited	Office space	United Kingdom	Ordinary 100%
125 Shaftesbury Tenant Limited	Office space	United Kingdom	Ordinary 100%
14-16 Great Chapel Tenant Limited	Office space	United Kingdom	Ordinary 100%
15 Bishopsgate Tenant Limited	Office space	United Kingdom	Ordinary 100%
2 Eastbourne Tenant Limited	Office space	United Kingdom	Ordinary 100%
2 Southbank Tenant Limited	Office space	United Kingdom	Ordinary 100%
207 Old Street Tenant Limited	Office space	United Kingdom	Ordinary 100%
3 Waterhouse Square Tenant Limited	Office space	United Kingdom	Ordinary 100%
33 Q Street Tenant Limited	Office space	United Kingdom	Ordinary 100%
5 Canada Square Tenant Limited	Office space	United Kingdom	Ordinary 100%
Provost and East Tenant Limited	Office space	United Kingdom	Ordinary 100%
51 Eastcheap Tenant Limited	Office space	United Kingdom	Ordinary 100%
65-70 White Lion Street Tenant Limited	Office space	United Kingdom	Ordinary 100%

13 Investments (continued)

Name of subsidiary	Nature of business	Country of incorporation	Holdings %
71-91 Aldwych House Tenant Limited	Office space	United Kingdom	Ordinary 100%
89-115 Mare Street Tenant Limited	Office space	United Kingdom	Ordinary 100%
97 Hackney Road Tenant Limited	Office space	United Kingdom	Ordinary 100%
119 Marylebone Road Tenant Limited	Office space	United Kingdom	Ordinary 100%
Corsham Tenant Limited	Office space	United Kingdom	Ordinary 100%
International Quarter Building Tenant Limited	Office space	United Kingdom	100%
No. 1 Spinningfields Tenant Limited	Office space	United Kingdom	Ordinary 100%
Stamford Street Tenant Limited	Office space	United Kingdom	100%
WW Aldgate Limited	Office space	United Kingdom	Ordinary 100%
WW Bishopsgate Limited	Office space	United Kingdom	Ordinary 100%
WW Devonshire Limited	Office space	United Kingdom	Ordinary 100%
WW Fox Court Limited	Office space	United Kingdom	Ordinary 100%
WW Medius Limited	Office space	United Kingdom	Ordinary 100%
WW Moor Place Limited	Office space	United Kingdom	Ordinary 100%
WW Sea Containers Limited	Office space	United Kingdom	Ordinary 100%

The Company incorporated the following subsidiaries during the year:

131 Finsbury Pavement Limited	Office space	United Kingdom	Ordinary 100%
The Hewitt Shoreditch Tenant Limited	Office space	United Kingdom	Ordinary 100%
184 Shepherds Bush Road Tenant Limited	Office space	United Kingdom	Ordinary 100%
5 Merchant Square Tenant Limited	Office space	United Kingdom	Ordinary 100%

13 Investments (continued)

Name of subsidiary	Nature of business	Country of incorporation	Holdings %
1 St Peter's Square Tenant Limited	Office space	United Kingdom	Ordinary 100%
Shoreditch The Bard Tenant Limited	Office space	United Kingdom	Ordinary 100%
Puddle Dock Tenant Limited	Office space	United Kingdom	Ordinary 100%
120 Moorgate Tenant Limited	Office space	United Kingdom	Ordinary 100%
90 York Way Tenant Limited	Office space	United Kingdom	Ordinary 100%
Premier Place Tenant Limited	Office space	United Kingdom	Ordinary 100%
38 Chancery Lane Tenant Limited	Office space	United Kingdom	Ordinary 100%
1 Poultry Tenant Limited	Office space	United Kingdom	Ordinary 100%

The registered office address of each subsidiary disclosed above is: 1 Fetter Lane, London, EC4A 1BR.

The investments in subsidiaries are all stated at cost less provision for impairment.

14 Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	6,851,820	2,755,316	-	-
Allowance for doubtful debts	(200,782)	(140,039)	-	-
Net trade receivables	6,651,038	2,615,277	-	-
Amounts owed by group undertakings	43,928,010	36,216,020	54,508,266	26,246,573
Other receivables	1,280,506	491,158	257,464	191,842
Prepayments and accrued income	35,819,364	17,283,083	226,973	3,331
Social security and other taxes	5,478,973	4,041,545	900,437	167,868
	93,157,891	60,647,083	55,893,140	26,609,614

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

Amounts in USD owed by group undertakings, included in the balance above, total £29,981,124.

14 Trade and other receivables (continued)

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due after more than one year				
Loans receivable from group companies	-	-	92,712,081	-

The Company's loan receivable from group companies is unsecured and repayable within 2-5 years. An interest rate of 1.985% per annum was applicable during the year (2016:nil).

The Directors believe that the carrying value of trade and other receivables represents their fair value as the impact of discounting is not significant. In determining the recoverability of trade receivables the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

Management determines an allowance that reflects its best estimate of the accounts receivable due from members, related parties, landlords, and others that will not be collected. Management considers many factors in considering its reserve with respect to these accounts receivable, including historical data, experience, creditworthiness, and income trends. Recorded liabilities associated with members' service retainers are also considered when estimating the allowance for doubtful accounts.

Receivables are written off when deemed uncollectable. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. As of December 31, 2017 and 2016, the Company recorded £200,782 and £140,039, respectively, as an allowance for doubtful accounts.

15 Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash and bank balances	9,836,849	3,401,320	8,652,592	313,570

The Directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

The cash and bank balances are held in pounds sterling.

16 Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade payables	3,454,549	2,671,450	531,149	137,874
Amounts owed to group undertakings	31,320,104	2,752,092	51,670,980	5,161,713
Other payables	29,602,250	13,400,415	227	86,658
Accruals and deferred income	18,545,803	11,331,976	351,983	1,075,125
	82,922,706	30,155,933	52,554,339	6,461,370

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

Amounts in USD owed to group undertakings, included in the balance above, total £22,006,491.

Amounts in EUR owed to group undertakings, included in the balance above, total £6,270,602.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2016: 30 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest could be charged on the outstanding balances at various interest rates.

The carrying value of trade and other payables approximates their fair value, as the impact of discounting is not significant.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

17 Borrowings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Loan payable to group companies	120,105,717	101,471,015	110,689,951	23,199,681

The loan payable to group companies is unsecured and repayable within 2-5 years. An interest rate of 1.985% - 2.72% (2016: 2.6% to 3.1%) per annum was applicable during the year.

The loans and borrowings classified as financial instruments are disclosed in note 24. The Group's exposure to market and liquidity risk, in respect of loans and borrowings is disclosed in note 24.

18 Deferred lease liabilities

Group

	2017	2016
	£	£
Deferred lease liabilities	152,898,831	73,126,318

The deferred lease liabilities relate to the impact of recognising leasehold incentives on a straight-line basis over the period of the lease.

19 Share-based payments

Equity-settled share option scheme

Certain of the Company's employees participate in an equity-based compensation plan, adopted by the Company's ultimate parent, WeWork Companies Inc.

Share options granted consist primarily of time-based options to purchase WeWork Companies, Inc. common shares, the majority of which vest over a five-year period and have a ten- year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service.

The following table summarises the share option activity during the year ended 31 December 2017:

	2017		2016	
	Number of share options	**Weighted average exercise price (in £)**	**Number of share options**	**Weighted average exercise price (in £)**
Outstanding at beginning of period	-	-	-	-
Transferred during the period	345,920	10.38	-	-
Granted during the period	94,360	16.60	-	-
Forfeited/Cancelled during the period	(15,795)	9.64	-	-
Exercised during the period	(31,162)	12.23	-	-
Outstanding at the end of the period	393,323	11.76	-	-
Exercisable at the end of the period	130,568	8.22	-	-

The weighted average share price at the date of exercise for share options exercised during the period was £16.62 (2016: £nil). The share options outstanding at 31 December 2017 had a weighted average exercise price of £11.76 (2016: £nil), and a weighted average remaining contractual life of 8.2 (2016: none) years. In 2017, share options were granted on 18 January and 21 May. The weighted-average grant date fair values of the share options granted on those dates was £6.94 (2016: £nil).

19 Share-based payments (continued)

Equity-settled share option scheme (continued)
The Company estimates the fair value of share option awards granted using the Black-Scholes Model and a single option award approach. The assumptions used to value share options issued during the year ended 31 December 2017 was as follows:

	2017	2016
Weighted average share price	£16.60	-
Weighted average exercise price	£16.60	-
Expected volatility	40%	-
Expected life	6.18 years	-
Risk-free rate	1.92 - 2.12%	-
Expected dividend yields	0%	-

For the year ended 31 December 2017, the Company recorded total share- based payments expense of £0.4 million related to share options awarded to employees (2016: nil). As of 31 December 2017, the unrecognised share-based compensation expense from outstanding share options awarded to employees was approximately £1.4 million (2016: £nil), expected to be recognised over a weighted- average period of approximately 3.5 years (2016: none).

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Restricted share plans
Restricted shares granted consist primarily of time-based awards of WeWork Companies, Inc. common shares that are subject to the risk of forfeiture until vested by virtue of continued employment or service.

Restricted shares are reflected as issued and outstanding common shares when vested and when the common shares has been delivered to the individual. The following table summarises the restricted share activity during the year ended 31 December 2017:

	2017	2017	2016	2016
	Number of shares	**Weighted average grant price (in £)**	**Number of share options**	**Weighted average exercise price (in £)**
Outstanding at beginning of period	-	-	-	-
Transferred during the period	788,744	£ 14.07	-	-
Vested during the period	(224,499)	£ 14.07	-	-
Outstanding at end of period	564,245	£ 14.07	-	-
Exercisable at the end of the period	-	-	-	-

19 Share-based payments (continued)

Restricted share plans (continued)

For the year ended 31 December 2017, the Company recorded total share- based payment expense of £3.0 million related to restricted shares awarded to employees (2016: £nil). As of 31 December 2017, the unrecognised share-based compensation expense from unvested restricted shares awarded to employees was approximately £7.5 million (2016: £nil), expected to be recognised over a weighted- average period of approximately 2.5 years (2016: none).

In October 2017, an investor group of WeWork Companies Inc., executed a secondary offering for acquisition of eligible outstanding convertible preferred and common shares, including the shares underlying exercisable options, warrants and convertible notes of WeWork Companies Inc. A total of 102,734 common shares were acquired from employees of the Company at a higher price than the current fair market value of common shares, which resulted in £2.1 million of additional share-based compensation expense during the year ended 31 December 2017 (2016: £nil).

20 Provisions for liabilities

Group

	Dilapidation provision £
At 1 January 2017	2,428,720
Dilapidation provisions made during the year	2,001,572
At 31 December 2017	4,430,292

The dilapidation provisions are in respect of reinstatement obligations related to leasehold properties and are expected to arise at the end of the lease. These are released over the period of each agreement.

21 Called-up share capital and reserves

Authorised, allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £0.01 each	100	1	100	1

The Company has one class of ordinary share. The ordinary shares are non-redeemable and hold full rights in respect of voting, and shall entitle the holder to full participation of equity and in the event of winding up of the Company.

Reserves

The Group and Company's other reserves are as follows:

Retained earnings

The retained earnings account represents cumulative profits or losses and other adjustments.

21 Called-up share capital and reserves (continued)

Reserves (continued)

Capital contribution reserve

The capital contribution reserve arises in connection with the equity settled share option scheme for employees. The amount in the reserve represents the fair value adjustment with the share options.

22 Related party transactions and key management personnel

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Remuneration of the Group and Company's directors and key management personnel for the current and prior years was borne by other Group undertakings and it is not practical to allocate the time the directors and key management personnel spent on the UK Group.

Group

	Accounts receivable	Accounts payable	Loans payable	Interest expense	Management fee income	Management fee expense
	2017	2017	2017	2017	2017	2017
	£	£	£	£	£	£
Companies under common control	43,928,010	(31,320,104)	(120,105,717)	(2,267,667)	15,053,557	(22,984,196)
	43,928,010	(31,320,104)	(120,105,717)	(2,267,667)	15,053,557	(22,984,196)

	Accounts receivable	Accounts payable	Loans payable	Interest expense	Management fee income	Management fee expense
	2016	2016	2016	2016	2016	2016
	£	£	£	£	£	£
Companies under common control	36,216,020	(2,752,085)	(101,471,015)	(2,257,081)	13,473,171	(2,096,522)
	36,216,020	(2,752,085)	(101,471,015)	(2,257,081)	13,473,171	(2,096,522)

23 Commitments and contingencies

Group

Operating leases

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	74,258,944	29,602,050
In two to five years	549,941,872	201,438,174
In over five years	2,220,372,945	583,753,223
	2,844,573,761	814,793,447

Operating lease payments represent rentals payable by the Group for its leased properties.

The amount of non-cancellable operating lease payments recognised as an expense during the year was £54,822,474 (2016: £35,874,717).

Construction commitments

As at 31 December 2017, the Group had outstanding construction commitments amounting to £8.1 million (2016: £15.2 million) which relates to contracted work not yet completed in the existing leases.

Contingent asset

The Group is entitled to a reimbursement of certain costs subject to fulfilling the terms of its lease agreement. These reimbursements are not recorded as a receivable as of 31 December 2017 as the Group has not yet fulfilled all contractual obligations. As a result, due to the uncertainties involved and the nature of this work, it is not practical to estimate these amounts at the period end date.

24 Financial instruments

Financial risk management and impairment of financial assets

The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

24 Financial instruments (continued)

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its parent. The Group has no externally imposed capital requirements and to date capital requirements have been principally funded through loans payable to group companies. The Directors review the capital structure of the group and the related capital risks periodically and may adjust dividends, sell assets or issue new share capital as it felt appropriate.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Group's exposure to price risk is correlated to the Company's ability to continue to price its service offerings to retain existing members or attract new members, most of whom enter into month-to-month membership agreements. If the Group's pricing and related promotional and marketing plans are not successful, or are not as successful as those of competitors, the Group's sales, membership count, occupancy, and market share could decrease. Price risk may also impact the Group's ability to negotiate favourable pricing for new leases and staff costs.

Foreign currency risk arises as a result of transactions denominated in a currency other than the Group's functional currency, primarily attributable to loans payable to group companies. As of 31 December 2017 and 2016, the Group had approximately £nil and $29.2 million respectively in loans payable to group companies denominated in US dollars. A 5% strengthening of the US dollar against the pound sterling with all other variables held constant would result in a decrease in the Group's results in the amount of £1.2 million for the year ended 31 December 2016. A 5% weakening of the US dollar against the pound sterling with all other variables held constant would result in an increase in the Group's results in the amount of £1.2 million for the year ended 31 December 2016. 5% is the rate used internally when reporting to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations payable to group companies with floating interest rates.

Group	**Non-interest bearing**	**Interest bearing**	**Total**
Year ended 31 December 2017	**£**	**£**	**£**
Financial assets			
Trade and other receivables measured at amortised cost	53,102,589	-	53,102,589
Cash and cash equivalents (see note 15)	-	9,836,849	9,836,849
Total financial assets	53,102,589	9,836,849	62,939,438

24 Financial instruments (continued)

Interest rate risk (continued)

	Non-interest bearing	Interest bearing	Total
Year ended 31 December 2017	£	£	£
Financial liabilities			
Trade and other payables measured at amortised cost	79,219,167	-	79,219,167
Borrowings (see note 17)	-	120,105,717	120,105,717
Total financial liabilities	79,219,167	120,105,717	199,324,884

	Non-interest bearing	Interest bearing	Total
Year ended 31 December 2016	£	£	£
Financial assets			
Trade and other receivables measured at amortised cost	39,506,334	-	39,506,334
Cash and cash equivalents (see note 15)	-	3,401,320	3,401,320
Total financial assets	39,506,334	3,401,320	42,907,654
Financial liabilities			
Trade and other payables measured at amortised cost	29,052,278	-	29,052,278
Borrowings (see note 17)	-	101,471,015	101,471,015
Total financial liabilities	29,052,278	101,471,015	130,523,293

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values. As of 31 December 2017 and 2016 all of the Group's loans payable to group companies were subject to variable interest rates. With respect to the £120.1 million and £101.5 million in loans payable to group companies as of 31 December 2017 and 2016, respectively, if contractual interest rates either increase or decrease by 1%, the Group's finance cost would increase or decrease respectively by approximately £1.2 million and £1.0 million per annum based on balances outstanding as of 31 December 2017 and 2016. 1% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

24 Financial instruments (continued)

Credit risk

Credit risk is the risk that a customer will not meet its obligations under the contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group mitigates its credit risk attributable to trade receivables by maintaining a diverse member portfolio with members across varying industries. Additionally, prior to moving into an office, members are generally required to provide the Company with a service retainer as detailed in their membership agreement. In the event of non-payment of membership or other fees by a member, the amount of the service retainer is applied against the member's open balance. Member billings are due upon receipt and debt collection agencies are used in the collection process as determined necessary.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

This risk is minimised as cash and cash equivalent assets are held on highly liquid cash holdings and borrowings are solely made up of loans payable to the Group's parent. The Group has established monitoring processes to review liquidity risk. These processes monitor cash requirements and include continuous dialogue with the Group Parent company as to future cash requirements and support. Refer to Note 17 for the maturity details of the loans payable to group companies. All trade and other payables and receivables fall due within one year.

Analysis of changes in net debt

	1 January 2017	Cash flows	31 December 2017
Cash and bank balances (see note 15)	3,401,320	6,435,529	9,836,849
Loan payable to group companies	(101,471,015)	(18,634,702)	(120,105,717)
Net debt	(98,069,695)	(12,199,173)	(110,268,868)

25 Events after the reporting date

Subsequent to 31 December 2017, the Group has entered into various agreements to lease office space. Future minimum rental payments under operating leases, inclusive of escalation clauses and exclusive of contingent rent payments that have initial or renewing non-cancellable lease terms in excess of one year from the date of lease commencement, amount to approximately £0.4 billion expiring through 2038.

25 Events after the reporting date (continued)

After the balance sheet date, WeWork International Limited (previously known as WeWork UK Limited) has incorporated the following entities:

- WeWork Community Workspace UK Limited
- 70 Wilson Street Tenant Limited
- Powered By We UK Limited
- 1 Waterhouse Square Tenant Limited
- Flatiron School UK Limited
- 41 Blackfriars Road Tenant Limited
- Christchurch Court Tenant Limited
- Corporation Street Tenant Limited
- 123 Buckingham Palace Road Tenant Limited
- 50-60 Station Road Tenant Limited
- 26 Hatton Garden Tenant Limited
- 1 Lloyd's Avenue Tenant Limited
- 10 East Road Tenant Limited
- 61 Q Street Tenant Limited
- Dalton Place Tenant Limited

In April 2018, WeWork International Limited acquired LT Build Limited. The provisional fair value of the net assets acquired was approximately £0.4 million and goodwill arising was approximately £4.1 million.

On 15 June 2018, the Company changed its name to WeWork International Limited.

26 Controlling parties

In the opinion of the Directors, the Company's immediate parent company is WeWork Companies (International) BV, a company incorporated in the Netherlands.

The Company's ultimate parent and controlling party is WeWork Companies Inc., a Delaware corporation registered in the United States of America.

WeWork International Limited (previously known as WeWork UK Limited) is the smallest and largest group in which the results of the Company are consolidated and are publicly available. Copies of the statutory accounts will be available from its registered office, 1 Fetter Lane, London, EC4A 1BR.