

Registration number: 09696444

No.1 Spinningfields Tenant Limited

Pages for filing with Registrar

For the year ended 31 December 2018



No.1 Spinningfields Tenant 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 25 Farringdon Street London EC4A 4AB

No.1 Spinningfields Tenant Limited

Statement of financial position As at 31 December 2018

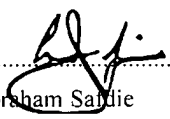
	Note	2018 £	2017 £
Non-current assets			
Property, plant and equipment	6	6,633,760	6,076,203
Trade and other receivables	7	1,973,154	-
		<u>8,606,914</u>	<u>6,076,203</u>
Current assets			
Trade and other receivables	7	2,207,819	1,779,807
Cash at bank and in hand		-	122,626
		<u>2,207,819</u>	<u>1,902,433</u>
Total assets		<u>10,814,733</u>	<u>7,978,636</u>
Current liabilities			
Trade and other payables	8	(5,815,793)	(4,649,552)
Net current liabilities		<u>(3,607,974)</u>	<u>(2,747,119)</u>
Total assets less current liabilities		<u>4,998,940</u>	<u>3,329,084</u>
Non-current liabilities			
Borrowings	9	-	(3,800,453)
Deferred lease liabilities	10	(7,797,411)	(671,688)
		<u>(7,797,411)</u>	<u>(4,472,141)</u>
Net liabilities		<u>(2,798,471)</u>	<u>(1,143,057)</u>
Equity			
Called-up share capital	11	1	1
Retained earnings	11	(2,798,472)	(1,143,058)
Total shareholders' deficit		<u>(2,798,471)</u>	<u>(1,143,057)</u>

The Company's annual accounts and reports have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

As permitted by Section 444 of the Companies Act 2006, the directors have not delivered to the Registrar a copy of the Company's income statement for the year ended 31 December 2018.

The financial statements of No.1 Spinningfields Tenant Limited (registration number: 09696444) were approved by the Board of Directors and authorised for issue on 27 September 2019.

They were signed on its behalf by:


.....
Abraham Sadiq
Director

The notes on pages 3 to 13 form an integral part of these financial statements.

No.1 Spinningfields Tenant Limited

Notes to the financial statements For the year ended 31 December 2018

1 General information

No.1 Spinningfields Tenant Limited (the 'Company') is a private company limited by share capital incorporated in England and Wales and domiciled in the 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 because that is the currency of the primary economic environment in which the Company operates.

2 Changes in accounting policy

New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018. Management has performed an assessment and concluded that this did not have a material impact on the Company other than in respect of the presentation and disclosure of accounting policies and line items in the financial statements. No other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the Company.

Standards issued but not yet effective

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and applies to all leases including subleases. The standard eliminated 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.

In view of operating commitments in note 12, the Company is evaluating the impact of the implementation of IFRS 16; however, the expectation is the adoption will have a material impact on the Company's 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 Company.

3 Accounting policies

Summary of significant accounting policies

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

Statement of compliance

These financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standards 100 issued by the Financial Reporting Council, and applicable legal and regulatory requirements of the Companies Act 2006.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3 Accounting policies (continued)

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures have been given in the consolidated accounts of The We Company.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company 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 Company as regards to current expected revenues and its cost base and the Company'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 Company recognises revenue under the five-step methodology required under IFRS 15, which requires the Company to identify the relevant contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified and recognise revenue when (or as) each performance obligation is satisfied.

The Company's primary revenue categories, related performance obligations, and associated recognition patterns are as follows:

Membership and Service Revenues - The Company sells memberships to individuals and companies that provide 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, printing and copying and access to the WeWork mobile application. The price of each membership is based on factors such as 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.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3 Accounting policies (continued)

Revenue recognition (continued)

Membership revenue consists primarily of fees from members, net of discounts and is recognised over time, evenly on a ratable basis, over the life of the agreement, as services are provided and the performance obligation is satisfied. 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 monthly allowances included in membership revenue, commissions earned by the Company on various services and benefits provided to our members. Members may elect whether they want to add on additional services at the inception of their agreement. Additional fees for add-on services are included in the transaction price when elected by the member. To the extent a member elects an add-on service subsequent to the commencement of a commitment period, the additional add on fee will be added to the transaction price at that point in time.

Billing terms and conditions generally vary by contract category. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., upfront, monthly, or quarterly) or upon achievement of contractual milestones. For most of our standard memberships, which are typically invoiced monthly, our payment terms are immediate. In most cases where timing of revenue recognition significantly differs from the timing of invoicing, the Company has determined that its contracts do not include a significant financing component. The Company elects the financing component practical expedient and does not adjust the promised amount of consideration in contracts where the time between cash collection and performance is less than one year.

Members' Service Retainers - 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, pursuant to the terms of the membership agreements, the amount of the service retainer may be applied against the member's unpaid balance. The Company recognises members' retainers as a liability as the Company expects to refund some or all of that consideration to the customer.

Deferred Revenue - Deferred revenue represents collections from customers for which revenue has not been recognised to date. Deferred revenue is classified as a current liability as it is expected to be recognised as revenue within the next twelve months.

Taxes collected from customers and remitted to governmental authorities are presented on a net basis.

Foreign currencies

Transactions in currencies other than the 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 year, 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.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3 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 net 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting year.

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 year 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, other than when they relate to items that are recognised in other comprehensive income or directly in equity. In such circumstances, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3 Accounting policies (continued)

Financial risk management

The Company's principal financial liabilities are comprised of loans and trade and other payables. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company has market risk exposure arising from changes in interest rates on the Company's non-current loan obligations due to and from group undertakings with variable interest rates.

Foreign currency risk arises as a result of transactions denominated in a currency other than the Company's functional currency, primarily attributable to transactions with group undertakings. Changes in foreign currency exchange rates can impact the foreign currency gain/(loss) recorded in the statement of comprehensive income.

The Company 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 Company mitigates its credit risk attributable to trade receivables by maintaining a diverse member portfolio with members across varying industries. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. 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 due to group undertakings.

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 from the month the asset is brought into use, on the following basis:

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

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 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 Company 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 Company'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 2018.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3 Accounting policies (continued)

Trade and other 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 initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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 evaluating 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 uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

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.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and provided to the Company prior to the end of the financial year and which are unpaid. 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 and subsequently measured at amortised cost using the effective interest method and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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 Company did not have any qualifying assets and therefore, no borrowing costs have been capitalised in the current year or in prior year.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3 Accounting policies (continued)

Leases

The Company leases property for its collaborative workspaces. The lease agreement contains tenant improvement allowances, rent holidays, brokerage commissions received for negotiating the Company's leases, rent escalation clauses and contingent rent provisions. The lease agreement, which includes additional costs and adjustments as permitted by FRS 101, qualifies as an operating lease and the Company 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 Company entered the space and began 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 statement of financial position.

Costs to acquire the lease were capitalised and recorded under leasehold improvements in the statement of financial position, 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.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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 company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments

The Company has entered into commercial property leases as lessee on its lease 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 Company 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 statement of financial position.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

5 Staff numbers and costs

Other than its Directors, the Company does not have any employees in the current year (2017: none). The Company incurred no expenses in regards to its Directors for the year ended to 31 December 2018 (2017: £nil).

No director was a member of a money purchase scheme in either the current or prior year.

6 Property, plant and equipment

	Leasehold improvements £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2018	4,636,024	1,480,726	6,116,750
Additions	1,234,367	-	1,234,367
Change in construction accrual estimate	-	(81,879)	(81,879)
Transfers	(659,288)	659,288	-
At 31 December 2018	<u>5,211,103</u>	<u>2,058,135</u>	<u>7,269,238</u>
Depreciation			
At 1 January 2018	20,831	19,716	40,547
Charge for the year	265,953	328,978	594,931
At 31 December 2018	<u>286,784</u>	<u>348,694</u>	<u>635,478</u>
Carrying amount			
At 31 December 2018	<u>4,924,319</u>	<u>1,709,441</u>	<u>6,633,760</u>
At 31 December 2017	<u>4,615,193</u>	<u>1,461,010</u>	<u>6,076,203</u>

7 Trade and other receivables

	2018 £	2017 £
Amounts falling due within one year		
Trade receivables, net	131,779	41,750
Amounts owed by group undertakings	1,325,544	192,659
Other receivables	346,578	299
Prepayments and accrued income	403,918	645,412
Social security and other taxes	-	899,687
	<u>2,207,819</u>	<u>1,779,807</u>

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

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

7 Trade and other receivables (continued)

	2018	2017
	£	£
Amounts falling due after more than one year		
Loan receivable from group undertakings	1,519,593	-
Prepayments and accrued income	453,561	-
	<u>1,973,154</u>	<u>-</u>

The loan receivable from group companies is unsecured and repayable within 2-5 years. An interest rate of 2.30% per annum was applicable during the year.

8 Trade and other payables

	2018	2017
	£	£
Trade payables	4,866	123,495
Amounts owed to group undertakings	3,637,337	3,655,169
Social security and other taxes	128,442	-
Other payables	837,473	450,700
Accruals and deferred income	1,207,675	420,188
	<u>5,815,793</u>	<u>4,649,552</u>

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

9 Borrowings

	2018	2017
	£	£
Amounts falling due after more than one year		
Loan payable to group companies	<u>-</u>	<u>3,800,453</u>

The loan payable to group companies is unsecured and repayable within 2-5 years. The loan payable was repaid to the group companies during November 2018. An interest rate of 2.02-2.30% per annum was applicable during the year (2017: 1.985%).

10 Deferred lease liabilities

	2018	2017
	£	£
Deferred lease liabilities	<u>7,797,411</u>	<u>671,688</u>

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

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

11 Called-up share capital and reserves

Authorised, allotted, called-up and not fully paid shares

	2018 No.	2018 £	2017 No.	2017 £
Ordinary shares of £0.01 each	<u>100</u>	<u>1</u>	<u>100</u>	<u>1</u>

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

Reserves

The Company's other reserves are as follows:

Retained earnings

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

12 Commitments and contingencies

Operating leases

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

	2018 £	2017 £
Within one year	1,626,983	1,238,991
In two to five years	6,592,227	6,552,564
In over five years	<u>25,122,196</u>	<u>26,675,649</u>
	<u>33,341,406</u>	<u>34,467,204</u>

Contingent asset

The Company 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 2018 as the Company 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 year end date.

No.1 Spinningfields Tenant Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

13 Controlling parties

The Company's immediate parent company is WeWork International Limited, a company incorporated in the United Kingdom and registered in England and Wales. The We Company is the smallest and largest group in which the results of the Company are consolidated. Copies of those statutory accounts are available from its registered office:

c/o Legalinx Limited
1 Fetter Lane
London
EC4A 1BR.

Following the reorganisation of WeWork Companies Inc., which occurred on 15 July 2019, the ultimate parent company and the largest group in which the results of the Company are consolidated is The We Company, a Delaware corporation registered in the USA.

14 Audit report

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with Section 444 (5B) of the Companies Act 2006:

- the audit report was unqualified;
- the senior statutory auditor was David Clark FCA; and
- the auditor was RSM UK Audit LLP.