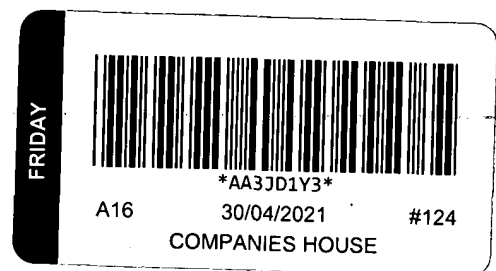


Registered number: 08324083

FUTURELEARN LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**



FUTURELEARN LIMITED

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FUTURELEARN LIMITED

COMPANY INFORMATION

Directors

Prof. J A Fraser
R M Kalifa
S J Nelson
J S Nester
Dr. J W Nicholls
P A Robert-Tissot
C D Sheppard
N P Tydeman

Company secretary

W J G England

Registered number

08324083

Registered office

1-11 Hawley Crescent
Camden Town
London
NW1 8NP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Exchange House Central Business Exchange
Midsummer Boulevard
Milton Keynes
MK9 2DF

FUTURELEARN LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

The directors present the Strategic Report of FutureLearn Limited (the "Company") for the year ended 31 July 2020.

Principal activities

The main business activity of the Company is to offer, through its online learning platform, a diverse range of high quality courses from universities and other partners. The Company is continuing to develop its services to deliver revenue growth.

Review of the business and future outlook

The Company, working in partnership with leading UK and overseas universities, launched the UK's first platform for Massive Open Online Courses (MOOCs) in September 2013. Since its launch, at 31 July 2020 the Company had built a community of over 14 million learners (2019: over 9.5 million) from all countries in the world. These learners have signed up to over 36 million courses between them.

For courses which started in the year ended 31 July 2020, the Company attracted 9.4 million (2019: 3.9 million) course sign-ups. Courses and content are being produced by over 200 partners, comprising leading UK and international universities, including The Open University, the British Council, the British Heart Foundation and other specialist education providers and global centres of research excellence.

The Company will continue to develop its revenues from its portfolio of short courses, microcredentials and degree programs and continues to add to the existing course line up, combined with ongoing development and innovation of the platform. The partner network makes a vital contribution to the Company's revenue growth through the development and production of high quality content and courses. The Company intends to continue to grow the already significant community of learners and maintain and improve on high levels of engagement and participation through the development of the learner experience and portfolio of courses on offer.

The Company generated turnover of £9.9m for the year ended 31 July 2020 (2019: £7.9m). This turnover came from the sale of upgrades on its short courses, microcredentials courses, the provision of services to its partners, membership fees and research and development expenditure credits. Over the medium term, the Company will look to grow its turnover through these services and the development of new services and will aim to achieve profitability in line with its business plans.

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

During the previous financial year the Company raised £50m of new investment from the SEEK Group. This capital has been and continues to be used to market, develop and grow the Company's product offering and its revenue streams. As a result of this continued investment in the business the Company's losses before tax for the year have increased to £13,295,000 (2019: £6,584,000) which is in line with the Company's business plans.

FUTURELEARN LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

Impact of Covid-19

The Company saw a significant increase in the number of learners on the platform in the period from March to July 2020 and into the new financial year. This uplift helped increase year on year revenues from £7.9m to £9.9m.

The Company is able to continue its operations remotely and as a result has not needed to furlough any of its staff. The Company has adapted to this new way of working and has seen no material impact on its operational capabilities.

The increased losses in the year reflect the decision to invest in the development of the platform and the course portfolio in the year following the receipt of new investment.

As noted in the Directors' Report, following a review of the Company cashflow forecasts which take into account any impact of Covid-19, the Company has sufficient funding for the Company's requirements for at least 12 months from the date of signing the financial statements of the Company for the year ended 31 July 2020.

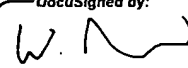
Principal risks and uncertainties

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

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

The Company's ability to continue to operate as a going concern for the foreseeable future is explained in note 2.2 to the financial statements.

This report was approved by the board and signed by its order:

DocuSigned by:

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W J G England
Secretary

Date: 29th April 2021

FUTURELEARN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2020

The directors present their annual report and the audited financial statements of FutureLearn Limited (the "Company") for the year ended 31 July 2020.

Results and dividends

In the year ended 31 July 2020, the loss before taxation of the Company was £13,295,000 (2019: £6,584,000). The loss represents the cost of product development, communications and marketing, and partner engagement.

No dividends have been paid or are proposed (2019: £Nil).

Financial risk management

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

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Prof. J A Fraser (appointed 6 February 2020)
R M Kalifa (appointed 6 February 2020)
S J Nelson
J S Nester
Dr. J W Nicholls
P A Robert-Tissot (appointed 6 February 2020)
C D Sheppard
N P Tydeman (appointed 4 January 2021)
Dr. D G Kodwani (resigned 6 February 2020)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Going concern

The Company was initially financed through the issue of equity shares to The Open University. The additional investment from the SEEK Group secured in the prior financial year ended 31 July 2019 means that, following a review of company cash flow forecasts, including severe but plausible downside sensitivities, which take into account any impact of Covid-19, the Company has sufficient funding for the Company's requirements for the next 12 months from the date of signing the financial statements of the Company for the year ended 31 July 2020.

Further information regarding going concern is provided in note 2.2 to the financial statements.

FUTURELEARN LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

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

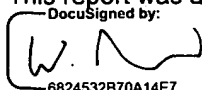
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed by its order:

DocuSigned by:

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W J G England
Secretary

Date: 29th April 2021

FUTURELEARN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUTURELEARN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, FutureLearn Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 July 2020; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. Management's cash flow forecasts include severe but plausible downside sensitivities, which take into account the impact of Covid-19 and shows the Company has sufficient funding for the next 12 months from the date of signing the financial statements. However, it is clear that for the period beyond the next 12 months, the Company will require additional funding which is not yet secured. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

FUTURELEARN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUTURELEARN LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

FUTURELEARN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUTURELEARN LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

Date: 29 April 2021

FUTURELEARN LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2020**

	Note	2020 £000	2019 £000
Turnover	4	9,852	7,867
Cost of sales		(3,545)	(1,975)
Gross profit		6,307	5,892
Administrative expenses		(18,945)	(12,571)
Other administrative expenses	5	(844)	-
Operating loss	6	(13,482)	(6,679)
Interest receivable and similar income	10	187	95
Loss before taxation		(13,295)	(6,584)
Tax on loss	11	(29)	(53)
Loss for the financial year		(13,324)	(6,637)

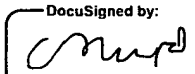
The notes on pages 13 to 26 form part of these financial statements.

FUTURELEARN LIMITED
REGISTERED NUMBER: 08324083

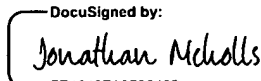
BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	152	79
Tangible assets	13	21	-
		<u>173</u>	<u>79</u>
Current assets			
Debtors	14	2,707	1,925
Cash at bank and in hand	15	37,362	48,225
		<u>40,069</u>	<u>50,150</u>
Creditors: amounts falling due within one year	16	(7,661)	(4,708)
		<u>32,408</u>	<u>45,442</u>
Creditors: amounts falling due after more than one year	17	(175)	-
		<u>32,406</u>	<u>45,521</u>
Total assets less current liabilities			
Capital and reserves			
Called up share capital	19	60,055	60,000
Share premium account	20	18,197	18,043
Profit and loss account	20	(45,846)	(32,522)
		<u>32,406</u>	<u>45,521</u>
Total shareholders' funds			

The financial statements on pages 9 to 26 were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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C D Sheppard
 Director

Date: 29th April 2021

DocuSigned by:

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Dr. J W Nicholls
 Director

The notes on pages 13 to 26 form part of these financial statements.

FUTURELEARN LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 August 2018	29,750	-	(25,885)	3,865
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(6,637)	(6,637)
Total comprehensive expense for the financial year	-	-	(6,637)	(6,637)
Contributions by and distributions to owners				
Shares issued during the year	30,250	18,043	-	48,293
Total transactions with owners	30,250	18,043	-	48,293
At 31 July 2019 and 1 August 2019	60,000	18,043	(32,522)	45,521
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(13,324)	(13,324)
Total comprehensive expense for the financial year	-	-	(13,324)	(13,324)
Contributions by and distributions to owners				
Shares issued during the financial year	55	-	-	55
Adjustment to cost of raising capital during the prior year	-	154	-	154
Total transactions with owners	55	154	-	209
At 31 July 2020	60,055	18,197	(45,846)	32,406

The notes on pages 13 to 26 form part of these financial statements.

FUTURELEARN LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020**

	2020	2019
	£000	£000
Cash flows from operating activities		
Loss for the financial year	(13,324)	(6,637)
Adjustments for:		
Amortisation of intangible assets	47	6
Depreciation of tangible assets	7	-
Taxation charge	29	-
(Increase)/decrease in debtors	(800)	3,177
Decrease in amounts owed by groups	18	-
Increase in creditors	3,864	870
Interest received	(187)	(95)
Decrease in amounts owed to groups	(611)	-
Net cash used in operating activities	(10,957)	(2,679)
Cash flows from investing activities		
Investment in new short courses	(120)	(85)
Investment in other tangible assets	(28)	-
Interest received	187	95
Net cash generated from investing activities	39	10
Cash flows from financing activities		
Proceeds from issue of ordinary share capital (net of cost of issue)	55	48,293
Net cash generated from financing activities	55	48,293
Net (decrease)/increase in cash and cash equivalents	(10,863)	45,624
Cash and cash equivalents at beginning of financial year	48,225	2,601
Cash and cash equivalents at the end of financial year	37,362	48,225
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	37,362	48,225

The notes on pages 13 to 26 form part of these financial statements.

FUTURELEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

1. General information

FutureLearn Limited is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 1-11 Hawley Crescent, Camden Town, London, NW1 8NP.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company was initially financed through the issue of equity shares to The Open University. The additional investment from the SEEK Group secured in the prior financial year ended 31 July 2019 means that, following a review of company cash flow forecasts, including severe but plausible downside sensitivities, which take into account any impact of Covid-19, the Company has sufficient funding for the Company's requirements for the next 12 months from the date of signing the financial statements of the Company for the year ended 31 July 2020.

However, it is clear that for the period beyond the next 12 months, the Company will require additional funding in order to fulfil its strategic objectives. The Company is confident of securing further financial support from its current shareholders, The Open University and the SEEK Group, and has commenced discussions with them regarding such support. Until those discussions are concluded, there remains a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include adjustments that would result if the Company were unable to continue as a going concern.

2.3 Turnover

Turnover represents the value of online learning services supplied to customers including individual learners, educational institutions and other businesses, excluding vat, and the value of research and development expenditure credits.

2.4 Recognition of income

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

FUTURELEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Summary of significant accounting policies (continued)

2.5 Recognition of expenditure

- a. Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.
- b. Provision is made when a present obligation exists for a future liability in respect of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and where the amount of the obligation can be reliably estimated.
- c. Amounts due to partners arising from their course distribution agreements are charged to the expenditure account in the period in which the related income from a partner course is receivable.
- d. Interest is accrued on a daily basis.

2.6 Operating leases

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

2.7 Website development costs

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

2.8 Research and development

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

2.9 Taxation

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

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

FUTURELEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Summary of significant accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

2.11 Interest income

Interest income is recognised using the effective interest method.

2.12 Financial instruments

Sections 11 and 12 of FRS 102 have been adopted by the Company.

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

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.14 Intangible assets

Intangible assets are initially recorded at cost and are depreciated over their estimated useful economic lives.

Useful economic lives are applied as follows:

- Investment in new short courses: 3 years from the start of the first run of each short course.

FUTURELEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Summary of significant accounting policies (continued)

2.15 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Other tangible assets	- Over 3 years
-----------------------	----------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash held in the Company's bank accounts, accounts held with PayPal and accounts held with the Company's online card payment processor.

2.17 Share capital

Share capital represents the value of ordinary shares subscribed to by the shareholders, The Open University, the SEEK Group and members of the senior management team.

2.18 Distribution to equity shareholders

Company has no distributions to shareholders.

2.19 Pensions

Defined contribution pension plan

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

2.20 Employee benefits

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

The Company provides share-based long term incentive arrangements (the "B share scheme") for certain employees. Cash-settled arrangements are measured at fair value annually. The fair value is expensed on a straight-line basis over the period that the shares are expected to be held.

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****3. Key estimates and judgements**

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

Bad and doubtful debts judgement

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

Income Tax estimate

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

Share based payments

The Company estimates the cost of the B share scheme on an annual basis using the Black Scholes method and amortises the total cost over the expected vesting period. The provisions of the B share scheme are set out in note 5.

4. Turnover

Turnover relates to course related services.

Analysis of turnover by major geographical areas is as follows:

	2020 £000	2019 £000
European Union	7,160	7,197
Other	2,692	670
	<u>9,852</u>	<u>7,867</u>

Main contributors to other geographical areas are Oceania £835,000, North America £636,000 and Asia £634,000.

FUTURELEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

5. Other administrative expenses

	2020 £000	2019 £000
Share-based compensation expense and restructuring costs	<u>844</u>	<u>-</u>

The Company has introduced a share scheme for members of the Senior Leadership Team (the "B share scheme"). Under this scheme, a class of shares (known as B Ordinary Shares) representing up to 10% of the Company's share capital may be allocated by the Board to members of the scheme. As at 31 July 2020, 5.5 million B shares have been allocated.

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

Restructuring costs relate to changes in team structures made during the year.

6. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Operating lease costs in respect of buildings	875	704
Operating lease costs in respect of plant and machinery	40	34
Foreign exchange losses on trade debtors and creditors	30	37
Depreciation of tangible assets	7	-
Amortisation - new short courses	47	6
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	<u>40</u>	<u>25</u>
Fees payable to the Company's auditors in respect of:		
All other services	<u>3</u>	<u>-</u>

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	10,798	7,569
Social security costs	1,218	928
Other pension costs (note 21)	379	291
	<u>12,395</u>	<u>8,788</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	Number	Number
Management and administration	162	129

9. Directors' remuneration

	2020	2019
	£000	£000
Aggregate directors' remuneration	483	350

In the year ended 31 July 2020, remuneration was paid to 2 directors (2019: 4 directors).

In the years ended 31 July 2020 and 31 July 2019, there were no emoluments paid to the remaining directors and no recharges are made by The Open University or SEEK Group to the Company in respect of their services to the Company.

Retirement benefits under a defined contribution scheme are accruing to 1 director (2019: 1 director).

The highest paid director received remuneration of £308,000 (2019: £284,000) and purchased 3,000,000 B Ordinary shares of which 750,000 had vested at the year end.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2019: £14,000).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. This comprised, at 31 July 2020, 7 members of the Board of Directors (2019: 5 members). The total compensation for directors serving in the year ended 31 July 2020 (including any severance payments and employer's pension contributions) was £483,000 (2019: £350,065). In July 2020, S J Nelson, Director and CEO, announced he would be leaving the business at the end of the calendar year; the Company paid him £30,000 in December 2020 as loss of office compensation. A further payment relating to his B shares may be payable depending on the fair market value of his vested shares at 31 July 2021. In the opinion of the Board the fair market value of these shares at 31 July 2020 was £Nil.

TO : DIRECTOR, FBI

FROM :

SUBJECT: [Illegible]

REFERENCE IS MADE TO [Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****10. Interest receivable and similar income**

	2020	2019
	£000	£000
Bank interest	187	95

11. Tax on loss

	2020	2019
	£000	£000
Corporation tax		
Current tax on losses for the financial year	29	37
Group relief surrendered to a fellow subsidiary	-	16
Total current tax	29	53

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£000	£000
Loss before taxation	(13,294)	(6,584)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(2,526)	(1,251)
Effects of:		
Expenses not deductible for tax purposes	115	4
Permanent Differences	30	3
Tax losses carried forward	2,410	1,281
Adjustment to group relief surrendered in the prior year	-	16
Total tax charge for the financial year	29	53

Change in corporation tax rate

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This was substantively enacted on 17 March 2020.

In March 2021, the Chancellor announced an increase in the main UK corporation tax rate from 19% to 25% to take effect from 1 April 2023.

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****12. Intangible assets**

	Investment in courses £000
Cost	
At 1 August 2019	85
Additions	120
At 31 July 2020	<u>205</u>
Accumulated amortisation	
At 1 August 2019	6
Charge for the year	47
At 31 July 2020	<u>53</u>
Net book value	
At 31 July 2020	<u><u>152</u></u>
At 31 July 2019	<u><u>79</u></u>

Intangible assets are amortised over 36 months.

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****13. Tangible assets**

	Other tangible assets £000
Cost	
At 1 August 2019	-
Additions	28
At 31 July 2020	<u>28</u>
Accumulated depreciation	
At 1 August 2019	-
Charge for the year	7
At 31 July 2020	<u>7</u>
Net book value	
At 31 July 2020	<u>21</u>
At 31 July 2019	<u>-</u>

14. Debtors

	2020 £000	2019 £000
Trade debtors	2,241	1,015
Amounts owed by group undertakings	-	18
Other debtors	3	14
Prepayments and accrued income	463	878
	<u>2,707</u>	<u>1,925</u>

Trade debtors are stated after provisions for impairment of £Nil (2019: £Nil).

Group undertakings balances are unsecured and incur Nil interest charges. Balances are payable on demand.

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****15. Cash at bank and in hand**

	2020	2019
	£000	£000
Cash at bank and in hand	37,362	48,225

16. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	362	397
Amounts owed to group undertakings	251	862
Other creditors	379	409
Corporation tax	29	-
Taxation and social security	440	278
Accruals	3,812	1,369
Deferred income	2,388	1,393
	7,661	4,708

Group undertakings balances are unsecured and incur Nil interest charges. Balances are required to be paid to the related parties each month under normal 30 day payment terms and relate to services provided.

17. Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Share based accounting provision	175	-

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****18. Financial instruments**

	2020 £000	2019 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>39,606</u>	<u>49,271</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,021)</u>	<u>(1,668)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

19. Called up share capital

	2020 £000	2019 £000
Authorised		
60,000,000 (2019: 60,000,000) Ordinary shares of £1.00 each	60,000	60,000
6,666,667 (2019: Nil) B Ordinary shares of £0.01 each	67	-
	<u>60,067</u>	<u>60,000</u>
Allotted, called up and fully paid		
60,000,000 (2019: 60,000,000) Ordinary shares of £1.00 each	60,000	60,000
5,500,002 B Ordinary shares of £0.01 each	55	-
	<u>60,055</u>	<u>60,000</u>

There are two classes of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital except as described in note 5.

Under the terms of the Ordinary B Share Scheme, the ordinary B shares issued in the year are subject to a four year vesting period.

Reconciliation of the number of shares outstanding at the beginning and end of the year.

	Number of shares	Amount £000
At 1 August 2018	29,750,000	29,750
Shares issued	<u>30,250,000</u>	<u>30,250</u>
At 31 July 2019	60,000,000	60,000
Shares issued	<u>5,500,002</u>	<u>55</u>
At 31 July 2020	<u>65,500,002</u>	<u>60,055</u>

FUTURELEARN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020****20. Reserves****Share premium account**

The share premium account represents amounts raised on the initial allotment of share capital in excess of the nominal value of shares issued, less any costs directly attributable to the issue of that share capital.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

21. Pension commitments

The Company's contributions in respect of the defined contribution scheme totaled £379,000 (2019: £291,000). This includes £37,000 (2019: £27,000) of outstanding contributions at the year end.

22. Commitments under operating leases

At 31 July, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Not later than 1 year	641	492
Later than 1 year and not later than 5 years	79	118
	<u>720</u>	<u>610</u>

23. Related party transactions

	Income	Expenditure	2020 Total	Balance due
	£	£	£	£
The Open University	51,608	(243,781)	(192,173)	Nil
SEEK Limited	Nil	(12,982)	(12,982)	Nil

Due to the nature of the FutureLearn Limited operations and the composition of the Board of Directors, it is possible that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions in which a member of the Board may have an interest are conducted at arm's length and these are all included in the related party transactions in the table above.

FUTURELEARN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

24. Ultimate parent undertaking and controlling party

The Company is under common control and hence there is no ultimate controlling party. The 50% joint owners are:

- The Open University, a body incorporated by Royal Charter (number RC000391), an exempt charity in England and Wales whose address is at Walton Hall, Milton Keynes MK7 6AA;
- SEEK Limited, a company limited by shares, incorporated under the laws of the Commonwealth of Australia (ACN 080 075 314) which is listed on the Australian Stock Exchange (ASX:SEK) and whose address is 541 St Kilda Road, Melbourne, Victoria 3004, Australia.

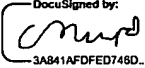
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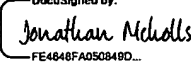
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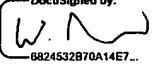
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Jonathan Nicholls jonathan.nicholls@open.ac.uk Security Level: Email, Account Authentication (None)	DocuSigned by:  FE4848FA050849D...	Sent: 4/29/2021 3:39:55 AM Viewed: 4/29/2021 8:34:21 AM Signed: 4/29/2021 8:35:39 AM
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Electronic Record and Signature Disclosure:
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Will England will.england@futurelearn.com Chief Financial Officer FutureLearn Security Level: Email, Account Authentication (None)	DocuSigned by:  6B24532B70A14E7...	Sent: 4/29/2021 8:35:40 AM Viewed: 4/29/2021 9:28:52 AM Signed: 4/29/2021 9:29:20 AM
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