

VIRTUAL CLASS LTD

FINANCIAL STATEMENTS

YEAR ENDED

31 JULY 2019



VIRTUAL CLASS LTD
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Directors	Allen Atwell David Grimm Thomas Hooper Meganne Houghton-Berry Richard Lewis Edward Minshull Isabel Newman	
Secretary	Lynn Chandler	
Registered office	4 th Floor Frazer House 32-28 Leman Street London E1 8EW	
Company registration number	08260115 (England & Wales)	
Country of incorporation	Great Britain	
Legal form	Company limited by shares	
Auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA	
Bankers	Barclays Bank PLC Leicester NE87 2BB	Co-Operative Bank PLC PO Box 637 SALFORD M5 0JP
Solicitors	Taylor Wessing LLP New St Square London EC4A 3TW	

**CONSOLIDATED AND COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019**

Company Number : 08260115

	Note	GROUP		COMPANY	
		2019	2018	2019	2018
		£	£	£	£
Fixed assets					
Tangible fixed assets	10	138,013	205,338	35,180	42,942
Deferred tax asset	14	-	658	-	-
Investments	11	-	-	161,442	194,162
		138,013	205,996	196,622	237,104
Current assets					
Debtors	12	507,298	829,342	393,602	785,209
Cash at bank and in hand		1,469,947	1,751,905	1,091,274	1,467,266
		1,977,245	2,581,247	1,484,876	2,252,475
Creditors: Amounts falling due within one year	13	(1,174,810)	(1,160,931)	(1,109,209)	(1,077,055)
Net current assets/(liabilities)		802,435	1,420,316	375,667	1,175,420
Total assets less current liabilities		940,448	1,626,312	572,289	1,412,524
Deferred taxation	14	(10,347)	(8,346)	(7,036)	(8,346)
Net assets/(liabilities)		930,101	1,617,966	565,253	1,404,178
Capital and reserves					
Called up share capital					
Ordinary shares	15	390	390	390	390
A1 Shares	15	36,893	33,603	36,893	33,603
A2 Shares	15	10,984	10,612	10,984	10,612
B Shares	15	6,565	6,565	6,565	6,565
C1 Shares	15	17,901	-	17,901	-
C2 Shares	15	15,498	-	15,498	-
		88,231	51,170	88,231	51,170
Share premium		10,427,462	7,794,791	10,427,462	7,794,791
Other reserves		116,263	116,263	116,263	116,263
Profit and loss reserve		(9,701,855)	(6,344,258)	(10,066,703)	(6,558,046)
Equity attributable to owners of the parent		930,101	1,617,966	565,253	1,404,178

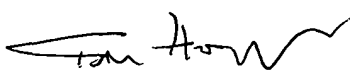
These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 relating to small companies.

These financial statements have been delivered to the Registrar in accordance with the special provisions of the Companies Act 2006 applicable to companies subject to the small companies regime.

The company's income statement and directors' report have not been delivered to the Registrar of Companies, in accordance with the above special provisions.

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2019

Thomas Hooper
Chief Executive



Edward Minshull
Chairman



The accompanying Notes on pages 5 to 16 form an integral part of these financial statements.

GROUP	Issued Share Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity
	£	£	£	£	£
Balance as at 1 August 2017	10,994	2,224,493	448,951	(3,787,388)	(1,102,950)
Loss for the year	-	-	-	(2,546,989)	(2,546,989)
Other comprehensive income for the year	-	-	-	(11,089)	(11,089)
Total comprehensive income for the year	-	-	-	(2,558,078)	(2,558,078)
Issue of shares for cash	29,712	4,640,613	-	-	4,670,325
Issue of shares for non-cash consideration	2	27,572	-	-	27,574
Conversion of convertible loan notes	10,462	989,538	-	-	1,000,000
Elimination of other reserves on conversion of convertible loan notes	-	-	(448,951)	-	(448,951)
Capital contribution on conversion convertible loan notes	-	-	116,263	-	116,263
Expenses in connection with share issues and conversion of convertible loan notes	-	(87,425)	-	-	(87,425)
Credit relating to equity settled share based payments	-	-	-	1,208	1,208
Total transactions with owners, recognised directly in equity	40,176	5,570,298	(332,688)	1,208	5,278,994
Balance as at 31 July 2018	51,170	7,794,791	116,263	(6,344,258)	1,617,966
Loss for the year	-	-	-	(3,417,121)	(3,417,121)
Other comprehensive income for the year	-	-	-	(4,559)	(4,559)
Total comprehensive income for the year	-	-	-	(3,421,680)	(3,421,680)
Issue of shares for cash	33,399	2,749,903	-	-	2,783,302
Issue of anti-dilution shares at par	3,662	(3,662)	-	-	-
Expenses in connection with share issues	-	(113,570)	-	-	(113,570)
Credit relating to equity settled share based payments	-	-	-	64,083	64,083
Total transactions with owners, recognised directly in equity	37,061	2,632,671	-	64,083	2,733,815
Balance as at 31 July 2019	88,231	10,427,462	116,263	(9,701,855)	930,101

The accompanying Notes on pages 5 to 16 form an integral part of these financial statements

COMPANY	Issued Share Capital £	Share Premium £	Other Reserves £	Retained Earnings £	Total Equity £
Balance as at 1 August 2017	10,994	2,224,493	448,951	(3,913,712)	(1,229,274)
Loss for the year	-	-	-	(2,645,542)	(2,645,542)
Total comprehensive income for the year	-	-	-	(2,645,542)	(2,645,542)
Issue of shares for cash	29,712	4,640,613	-	-	4,670,325
Issue of shares for non-cash consideration	2	27,572	-	-	27,574
Conversion of convertible loan notes	10,462	989,538	-	-	1,000,000
Elimination of other reserves on conversion of convertible loan notes	-	-	(448,951)	-	(448,951)
Capital contribution on conversion of convertible loan notes	-	-	116,263	-	116,263
Expenses in connection with share issues and conversion of convertible loan notes	-	(87,425)	-	-	(87,425)
Credit relating to equity settled share based payments	-	-	-	1,208	1,208
Total transactions with owners, recognised directly in equity	40,176	5,570,298	(332,688)	1,208	5,278,994
Balance as at 31 July 2018	51,170	7,794,791	116,263	(6,558,046)	1,404,178
Loss for the year	-	-	-	(3,572,740)	(3,572,740)
Total comprehensive income for the year	-	-	-	(3,572,740)	(3,572,740)
Issue of shares for cash	33,399	2,749,903	-	-	2,783,302
Issue of anti-dilution shares at par	3,662	(3,662)	-	-	-
Expenses in connection with share issues	-	(113,570)	-	-	(113,570)
Credit relating to equity settled share based payments	-	-	-	64,083	64,083
Total transactions with owners, recognised directly in equity	37,061	2,632,671	-	64,083	2,733,815
Balance as at 31 July 2019	88,231	10,427,462	116,263	(10,066,703)	565,253

The accompanying Notes on pages 5 to 16 form an integral part of these financial statements.

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

1 COMPANY INFORMATION

Virtual Class Ltd is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the group's operations and its principal activities are set out in the Directors' Report.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), and with 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 group management to exercise judgement in applying the group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements have been disclosed in note 4.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Virtual Class Ltd and all its subsidiary undertakings drawn up to 31 July each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Going concern

Based upon the latest profit and cash flow projections of the cash requirements of the group and the company taking into account the expectation that the company will successfully undertake a fund raising within the next 12 months, the Directors have a reasonable expectation that the group and the company will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the Directors consider it appropriate to prepare the group and company's financial statements on a going concern basis. However, the Directors recognise that unmet future funding requirements present a material uncertainty that may cast significant doubt about the group and the company's ability to continue as a going concern and that, therefore, the group and company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, given the continuing support of existing shareholders and interest from potential investors, the Directors continue to adopt the going concern basis of accounting. The financial statements do not include any adjustments should the group and company not be a going concern.

3 PRINCIPAL ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial information presents the results of the company and its subsidiaries (the group) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full and where necessary, adjustments are made to the financial information of the subsidiary to bring the accounting policies used into line with those adopted by the group.

The company has had the power to govern the financial and operating policies of subsidiary undertakings so as to obtain benefits from their activities from incorporation of each of the subsidiaries.

The financial statements of the subsidiary are prepared to the same reporting date as the Parent Company.

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

3 PRINCIPAL ACCOUNTING POLICIES (continued)

3.2 Foreign currencies

Functional and presentation currency

The individual financial statements of each group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions in foreign currencies

Transactions denominated in foreign currencies within each entity in the group are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at the year end, are translated into the functional currency at the exchange rate ruling at the balance sheet date. Exchange differences on monetary items are recognised in the Income Statement in the period in which they arise.

Translation of group companies

The year end assets and liabilities of the group's foreign subsidiaries are translated from their functional currency to Sterling (£) using the closing exchange rate. The results of overseas subsidiaries are translated from their functional currency into Sterling (£) using the average rate for the year, unless exchange rates fluctuated significantly during the year, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising on the translation of foreign subsidiary results are recognised in the statement of comprehensive income for the year rather than through the profit and loss.

3.3 Turnover

Revenue, which is stated net of value added tax, represents revenue earned in respect of services provided in the year. Revenue is recognised based on the proportion of the number of sessions delivered to the number of sessions invoiced for the academic term.

Where amounts have been earned but not invoiced during the year, the amount included in revenue is the proportion of the anticipated net sales earned to date. A corresponding balance is recognised in receivables as accrued revenue.

All revenue is generated in the UK.

3.4 Exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

3.5 Depreciation

Depreciation on assets is calculated on a straight-line basis to allocate the cost of each asset less its residual value (based on prices prevailing at the balance sheet date) over its estimated useful life. The estimated useful lives are as follows:

Equipment	1 - 3 years
Fixtures & Fittings	4 - 5 years
Leasehold Improvements	duration of the lease

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

3.6 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

3.7 Operating lease rentals

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Lease incentives received to enter into operating lease agreements are released to the profit and loss account over the term of the lease on a straight line basis.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from "wear and tear", the provision is accrued as the "wear and tear" occurs.

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

3 PRINCIPAL ACCOUNTING POLICIES (continued)

3.8 Employee Benefits

Pension contributions

The group operates a defined contribution pension scheme for UK employees.

A defined contribution scheme is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. Contributions are recognised as an expense and charged to the profit and loss in the year in which they become payable. Amounts not paid are shown in accruals in the balance sheet. The assets of the pension plan are held separately from the group in independently administered funds.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the balance sheet date.

Share based payments

The group provides share based payment arrangements to certain employees and non-executive directors.

Equity based arrangements are measured at fair value at the date of grant with the fair value of options granted being recognised as an employee expense with a corresponding increase in equity reserves. The fair value of the options is determined using the Black-Scholes pricing model or other appropriate pricing model dependent upon the terms of the share options.

Where an employee releases an option before it vests in exchange for the grant of a new option, the increase in the fair value of the options, measured immediately before and after the release and grant, is also charged to profit or loss over the remaining vesting period.

The cumulative expense recognised for share option schemes at each reporting date over the vesting period represents the number of options that, in the opinion of the Directors based upon information available at that date, will ultimately vest and be exercised. The income charge or credit for a year represents the movement in cumulative expense recognised as at the beginning and end of that year.

3.9 Government grants

Grants are included in the statement of financial activities on an accruals basis.

Revenue grants are recognised in the profit and loss account over the period of delivery of the service funded by grant and the expenditure to which the grant relates is incurred. Grants for the delivery of services are included in revenue. Grants for financial support with no specific conditions attached to the assistance are shown as other income. Grants receivable as compensation for specific costs incurred are deducted from those costs.

Grants are only recognised to the extent that the group has complied with any conditions attached to the grant and the amount receivable is determinable.

3.10 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except:

- deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities and the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing difference;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Taxable profit differs from net profit as reported in the profit & loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax balances are not discounted.

3.11 Investments

In the Company's financial statements, investments in subsidiary undertakings are held as fixed assets and stated at cost less any provision to reflect impairment in value.

3.12 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. On acquisition of a business, fair values are attributed to the identifiable assets and liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets and liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be five years.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

3.13 Impairment of fixed assets

Investments held as fixed assets are tested at least annually (or whenever events or changes in circumstances indicate that carrying value may be impaired) for impairment and carried at cost less accumulated impairment losses. Provisions for any impairment in value are taken to the profit and loss account.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell and value in use.

3.14 Equity instruments

Equity instruments issued by the Company are recorded the fair value of the proceeds received, net of direct issue costs.

3.15 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Convertible loan stock instruments are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and the fair value assigned to the equity component, representing the embedded option to convert the liability into equity of the Group, is included in capital reserves.

Convertible loan stock instruments are recorded at the proceeds received, net of direct issue costs. Finance charges including direct issue costs are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

4 STATUTORY AUDIT

An audit of the group's financial statements was carried out by BDO LLP as statutory auditor who reported to the group's members on 10 September 2019. The auditor's report was signed by James Fearon as senior statutory auditor and was unqualified. The auditor's report drew attention to the material uncertainty in relation to going concern, which is outlined in more detail in note 2 to these financial statements.

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

5 KEY ESTIMATES AND JUDGEMENTS

Preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Items in the financial statements where judgements and estimates have been made include:

- Consideration of whether there are indicators of impairment to the group and company's tangible and intangible fixed assets and whether the useful lives and residual values in determining depreciation and amortisation are appropriate;
- Consideration of whether there are indicators of impairment to the group and company's investments and determining the recoverable amount of the investment;
- Determination of the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies; and
- Estimation of the likely cost of dilapidations that will be incurred based on contractual requirements.

6 LOSS FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The group loss for the year includes a loss after tax of £3,572,740 (2018 - £2,645,542 loss) which is dealt with in the financial statements of the Company.

7 OPERATING LOSS

	Year 31 July 2019	Year 31 July 2018
	£	£
Operating loss is stated after charging:		
Staff costs	3,359,770	2,767,897
Depreciation of tangible fixed assets	106,412	106,015
(Profit)/Loss on disposal of tangible fixed assets	3,163	1,740
Write off of intangibles	-	3,672
Operating lease commitments in respect of land and buildings	552,622	523,627
Professional fee investment rounds (1)	17,176	169,427
Auditor's remuneration		
- Audit of parent company financial statements & consolidation	13,500	12,553
- Audit of subsidiary	2,311	2,164
- Other services	-	6,784

(1) The Company raised £2,783,302 (2018 -£4,670,325) in cash before expenses from existing and new investors. Expenses associated with the fund raises amounted to £130,746 (2018 - £256,852) of which £113,570 (2018 - £87,425) was set off against the share premium arising on issue of the shares and £17,176 (2018 - £169,427) was charged to the profit & loss account.

8 EMPLOYEES

The average monthly number of employees during the year was made up as follows:

	Year 31 July 2019	Year 31 July 2018
	Number	Number
Tutors	199	184
Developers, academic and support	59	58
Management	5	5
	263	247

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

9 Directors' remuneration and fees

Directors' remuneration and fees consists of:

	Year 31 July 2019	Year 31 July 2018
	£	£
Salaries	70,000	88,633
Fees	54,000	54,000
Payments to defined contribution pension scheme	967	528
Shares based payment expense	42,990	-
	167,957	143,161

Monitoring fees of £8,000 (2018 - £8,000) in total charged to the Company by third parties are not included in directors' fees above as the fees are payable regardless of whether the third party has appointed an individual to serve on the Board.

10 TANGIBLE FIXED ASSETS

GROUP	Leasehold Improvements	Office Equipment	Fixtures & Fittings	Total
	£	£	£	£
Cost				
At 1 August 2018	123,861	179,127	72,669	375,657
Additions	-	55,095	94	55,189
Disposals	-	(19,318)	-	(19,318)
Foreign exchange translation adjustment	(2,201)	(674)	(1,156)	(4,031)
At 31 July 2019	121,660	214,230	71,607	407,497
Accumulated depreciation				
At 1 August 2018	57,478	93,865	18,976	170,319
Charge for the year	41,393	50,526	14,493	106,412
Adjustment for disposals	-	(8,659)	-	(8,659)
Foreign exchange translation adjustment	1,025	61	326	1,412
At 31 July 2019	99,896	135,793	33,795	269,484
Net book value				
At 31 July 2019	21,764	78,437	37,812	138,013
At 31 July 2018	66,383	85,262	53,693	205,338

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

10 TANGIBLE FIXED ASSETS (continued)

COMPANY	Office Equipment £	Fixtures & Fittings £	Total £
Cost			
At 1 August 2018	72,342	7,331	79,673
Additions	18,641	-	18,641
Disposals	(5,036)	-	(5,036)
At 31 July 2019	85,947	7,331	93,278
Accumulated depreciation			
At 1 August 2018	34,716	2,015	36,731
Charge for the year	20,668	1,797	22,465
Disposal adjustment	(1,098)	-	(1,098)
At 31 July 2019	54,286	3,812	58,098
Net book value			
At 31 July 2019	31,661	3,519	35,180
At 31 July 2018	37,626	5,316	42,942

11 INVESTMENTS

	Investment in Subsidiary Undertaking £
Cost	
At 31 July 2018 and 2019	214,162
Provision	
At 1 August 2018	20,000
Charge for the year	32,720
At 31 July 2019	52,720
Net Book Value	
At 31 July 2019	161,442
At 31 July 2019	194,162

In July 2018 the decision was taken to close, for the foreseeable future, the operations of Virtual Class (Poland) Sp. z.o.o. An initial provision of £20,000 was made in the accounts for the year to 31 July 2018 bringing the value of the investment down to the net asset value of the subsidiary as at that date. A further provision of £32,720, bringing the value of the investment down to £1, the estimated net value of the subsidiary once all liabilities have been settled, has been made in the financial statements for the year ending 31 July 2019.

The Company's subsidiary undertakings are:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Third Space Global (Pvt) Ltd	Sri Lanka	100%	On-line tutorial provider
Virtual Class (Poland) Sp. z.o.o.	Poland	100%	Information technology

The registered offices are:

Third Space Global (Pvt) Ltd Bellatrix Building, No. 752/5, Orion City, Dr. Danister De Silva Mawatha, Colombo 9, Sri Lanka.

Virtual Class (Poland) Sp. z.o.o.'s registered office is Al. 29 Listopada 20, 31-401 Kraków, Poland.

**CONSOLIDATED AND COMPANY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**

12 DEBTORS

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	110,938	361,754	110,938	361,754
Amounts due from subsidiary undertakings	-	-	-	73,413
Other taxes and social security costs	40,556	38,188	-	-
Other debtors	149,484	151,032	79,561	79,560
Prepayments and accrued income	206,320	278,368	203,103	270,482
	507,298	829,342	393,602	785,209

All amounts are due within one year.

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	94,584	181,515	56,147	143,025
Amounts due to subsidiary undertakings	-	-	5,053	-
Other creditors	14,638	15,626	8,398	3,699
Corporation tax	4,925	8,620	-	-
Other taxes and social security taxes	187,574	113,964	187,574	113,140
Accruals and deferred income	873,089	841,206	852,037	817,191
	1,174,810	1,160,931	1,109,209	1,077,055

14 DEFERRED TAXATION

Movement on deferred tax account is made as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Liability as at 1 August 2018	7,688	3,039	8,346	3,039
Profit and loss charge/(credit)	2,461	4,649	(1,310)	5,307
Foreign exchange translation adjustment	198	-	-	-
Net liability as at 31 July 2019	10,347	7,688	7,036	8,346

Deferred tax balances for financial reporting purposes are analysed as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax liability	10,347	8,346	7,036	8,346
Deferred tax assets	-	(658)	-	-
	10,347	7,688	7,036	8,346

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	10,347	8,071	7,036	8,729
Share based payments	-	(383)	-	(383)
	10,347	7,688	8,346	8,346

On the grounds of prudence as losses have been made since incorporation, no deferred tax asset has been recognised in respect of taxable losses available to offset against future taxable profits.

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15 SHARE CAPITAL

The Company has four classes of shares – Ordinary Shares of 1p; A Shares of £1; B Shares of £1 and C Shares of £1 which carry equal voting rights and no right to fixed income.

The A Shares are sub-divided into A1 and A2 Shares and the C Shares are sub-divided into C1 and C2 Shares.

	GROUP AND COMPANY											
	Ordinary Shares		A1 Shares		A2 Shares		B Shares		C1 Shares		C2 Shares	
	Number	£	Number	£	Number	£	Number	£	Number	£	Number	£
Allotted, called up and fully paid												
At 1 August 2018	39,001	390	33,603	33,603	10,612	10,612	6,565	6,565	-	-	-	-
November 2018 issues	-	-	2,712	2,712	308	308	-	-	10,494	10,494	-	-
December 2018 issues	-	-	-	-	-	-	-	-	1,234	1,234	-	-
February 2019 issues	-	-	-	-	-	-	-	-	-	-	15,498	15,498
May 2019 issues	-	-	548	548	64	64	-	-	6,173	6,173	-	-
At 31 July 2019	39,001	390	36,893	36,893	10,984	10,984	6,565	6,565	17,901	17,901	15,498	15,498

On 27 November 2018 the Company completed an investment round raising £2,283,289 in total payable in three tranches – November 2018, December 2018 and February 2019.

On 27 November 2018 the Company issued 10,494 C1 Shares of £1 at £81.00 per share for cash raising £850,014 before expenses.

On 27 November 2018 the Company issued 2,742 A1 Shares of £1 and 308 A2 Shares of £1 credited as fully paid at par value as a bonus issue pursuant to the terms of the Investment Agreement entered into by the Company on August 18 2017 requiring the issue of anti-dilution shares to certain shareholders in the event of shares being issued at a discount to £152.34 a share.

On 14 December 2018 the Company issued 1,234 C1 Shares of £1 at £81 per share for cash raising £99,954 before expenses.

On 21 February 2019 the Company issued 15,498 C2 Shares of £1 at prices between £81.03 and £89.99 per share for cash raising £1,333,321 before expenses.

Expenses, settled in cash, associated with the investment round completed between November 2018 and February 2019 amounted to £116,905. of which £100,669 related to the issue of shares and has been set off against the share premium arising on issue of the shares and £16,236 has been charged to the profit & loss account.

On 28 May 2019 the Company issued 6,173 C1 Shares of £1 at £81.00 per share for cash raising £500,013 before expenses.

On 28 May 2019 the Company issued 548 A1 Shares of £1 and 64 A2 Shares of £1 credited as fully paid at par value as a bonus issue pursuant to the terms of the Investment Agreement entered into by the Company on August 18 2017 requiring the issue of anti-dilution shares to certain shareholders in the event of shares being issued at a discount to £152.34 a share.

Expenses, settled in cash, associated with the investment round completed in May 2019 amounted to £13,841 of which £12,901 related to the issue of shares and has been set off against the share premium arising on issue of the shares and £904 has been charged to the profit & loss.

The A, B and C Shares of £1 are convertible, at the option of the A, B and C Shareholders, into Ordinary Shares of 1p at the rate of one A, B or C Share of £1 for one Ordinary Share of 1p.

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15 SHARE CAPITAL (continued)

All shares have attached to them full voting, and dividend rights and do not confer any rights of redemption.

On a return of assets on liquidation or capital reduction or otherwise (except upon the redemption of shares of any class or the purchase by the Company of its own shares), the assets of the Company available for distribution amongst its members after payment of its liabilities shall be applied in the following manner and order of priority:

(a) firstly:

(i) if a Participation Notice has been given to the Company, in paying a sum equal to 1 (one) times the aggregate Original Subscription Price in respect of the C1 Shares and the C2 Shares together with a sum equal to all unpaid arrears and accruals of dividends calculated down to the date of the return of capital on the C1 Shares and C2 Shares:

(A) 99.99% to the holders of C1 Shares and C2 Shares pro rata according to the Original Subscription Price in respect of the C1 Shares and C2 Shares respectively held by them; and

(B) 0.01% to the holders of B Shares, A1 Shares, A2 Shares and Ordinary Shares pro rata according to the Original Subscription Price in respect of the B Shares, A1 Shares, A2 Shares and Ordinary Shares respectively held by them,

and if there is a shortfall, the assets shall be distributed to the holders of Shares in proportion to the amounts they would have received pursuant to this sub-clause;

(ii) if a Participation Notice has not been given to the Company, in paying a sum equal to 1 (one) times the aggregate Original Subscription Price in respect of the C1 Shares together with a sum equal to all unpaid arrears and accruals of dividends calculated down to the date of the return of capital on the C1 Shares:

(A) 99.99% to the holders of C1 Shares; and

(B) 0.01% to the holders of C2 Shares, B Shares, A1 Shares, A2 Shares and Ordinary Shares pro rata according to the Original Subscription Price in respect of the C2 Shares, B Shares, A1 Shares, A2 Shares and Ordinary Shares respectively held by them,

and if there is a shortfall, the assets shall be distributed to the holders of Shares in proportion to the amounts they would have received pursuant to this sub-clause;

(b) secondly:

(i) if a Participation Notice has been given to the Company, in paying a sum equal to 1.5 (one point five) times the aggregate Original Subscription Price in respect of the A1 Shares and the B Shares together with a sum equal to all unpaid arrears and accruals of dividends calculated down to the date of the return of capital on the A1 Shares and B Shares:

(A) 99.99% to the holders of A1 Shares and B Shares pro rata according to the Original Subscription Price in respect of the A1 Shares and B Shares respectively held by them; and

(B) 0.01% to the holders of C1 Shares, C2 Shares, A2 Shares and Ordinary Shares pro rata according to the Original Subscription Price in respect of the C1 Shares, C2 Shares, A2 Shares and Ordinary Shares respectively held by them,

and if there is a shortfall, the assets shall be distributed to the holders of Shares in proportion to the amounts they would have received pursuant to this sub-clause;

(ii) if a Participation Notice has not been given to the Company, in paying a sum equal to 1.5 (one point five) times the aggregate Original Subscription Price in respect of the A1 Shares together with a sum equal to all unpaid arrears and accruals of dividends calculated down to the date of the return of capital on the A1 Shares:

(A) 99.99% to the holders of A1 Shares; and

(B) 0.01% to the holders of C1 Shares, C2 Shares, B Shares, A2 Shares and Ordinary Shares pro rata according to the Original Subscription Price in respect of the C1 Shares, C2 Shares, B Shares, A2 Shares and Ordinary Shares respectively held by them,

and if there is a shortfall, the assets shall be distributed to the holders of Shares in proportion to the amounts they would have received pursuant to this sub-clause;

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15 SHARE CAPITAL (continued)

(c) thirdly, in paying a sum equal to 1.5 (one point five) times the aggregate Original Subscription Price in respect of the A2 Shares together with a sum equal to all unpaid arrears and accruals of dividends calculated down to the date of the return of capital on the A2 Shares:

- (i) 99.99% to the holders of the A2 Shares; and
- (ii) 0.01% to the holders of C1 Shares, C2 Shares, B Shares, A1 Shares and Ordinary Shares pro rata according to the Original Subscription Price in respect of the C1 Shares, C2 Shares, B Shares, A1 Shares and Ordinary Shares respectively held by them,

and if there is a shortfall, the assets shall be distributed to the holders of Shares in proportion to the amounts they would have received pursuant to this sub-clause; and

(d) fourthly:

- (i) if a Participation Notice has been given in paying 99.99% of the balance (if any) to the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held by each of them respectively and 0.01% of the balance (if any) to the holders of the A Shares, B Shares and C Shares (*pari passu* as if they constituted one class of share) in proportion to the number of A Shares, B Shares and C Shares respectively held by them; or
- (ii) if a Participation Notice has not been given in paying 99.99% of the balance (if any) to the holders of the Ordinary Shares, B Shares and C2 Shares (*pari passu* as if they constituted one class of share) in proportion to the number of Ordinary Shares and B Shares respectively held by them and 0.01% of the balance (if any) to the holders of the A Shares and C1 Shares (*pari passu* as if they constituted one class of share) in proportion to the number of A Shares and C1 Shares respectively held by them. On a return of assets on liquidation or capital reduction or otherwise (except upon the redemption of shares of any class or the purchase by the Company of its own shares), the assets of the Company available for distribution amongst its members after payment of its liabilities shall be applied in the following manner and order of priority:

16 CAPITAL AND OTHER COMMITMENTS

16.1 Capital commitments

As at 31 July 2019 capital commitments were:

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Capital expenditure authorised but not contracted for	-	-	-	-
Capital expenditure contracted for but not provided for in the financial statements	-	4,907	-	4,907
	-	4,907	-	4,907

16.2 Lease Commitments

Future minimum lease payments under non—cancellable operating leases for each of the following periods were as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Payments due:				
Not later than one year	324,092	301,774	263,000	166,501
Later than one year and not later than five years	21,000	73,254	21,000	-
	345,092	375,028	284,000	166,501

17 RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

The Company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions related party transactions entered into between the members of the group as both Third Space Global (Pvt) Ltd and Virtual Class (Poland) sp. z.o., the company's only subsidiaries, are wholly owned by the Company.

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18 CONTROLLING PARTY

There is not ultimate controlling party of Virtual Class Ltd.

There are no transactions other than directors' remuneration and fees as disclosed in Note 9 that require disclosure between the controlling party and the Company.