

Registered number

11466674

2U Group (UK) Ltd

Filleted Accounts

31 December 2022

2U Group (UK) Ltd**Registered number:** 11466674**Statement of Financial Position****as at 31 December 2022**

	Notes	2022	2021
		£	£
Non-current assets			
Trade and other debtors	2	987,147	1,137,093
Current assets			
Trade and other debtors	3	2,368,727	1,949,338
Cash at bank and in hand		3,967,083	1,829,139
		<u>6,335,810</u>	<u>3,778,477</u>
Trade and other payables: amounts falling due within one year	4	<u>(18,259,949)</u>	<u>(14,300,323)</u>
Net current liabilities		(11,924,139)	(10,521,846)
Net liabilities		<u>(10,936,992)</u>	<u>(9,384,753)</u>
Capital and reserves			
Called up share capital		500	500
Profit and loss account		(10,937,492)	(9,385,253)
Shareholders' funds		<u>(10,936,992)</u>	<u>(9,384,753)</u>

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. The profit and loss account has not been delivered to the Registrar of Companies.

Paul Lalljie

Director

Approved by the board on 26 September 2023

2U Group (UK) Ltd

Notes to the Accounts

for the year ended 31 December 2022

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and they have ongoing commitment from the ultimate parent company 2U Inc to finance the ongoing losses of the company for at least a year from the date of approval of the financial statements.

1.2 Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

We generate substantially all of our revenue from contractual arrangements, with either our university clients or students, to provide a comprehensive platform of tightly integrated technology and technology-enabled services that support our offerings.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied. The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring services to the customer. To the extent the transaction price includes variable consideration, we estimate the amount of variable consideration that should be included in the transaction price utilising the expected value method. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Any estimates, including the effect of the constraint on variable consideration, are evaluated at each reporting period, and if necessary, we adjust our estimate of the overall transaction price. Revenue is then recognised over the remaining estimated period of performance using the cumulative catch-up method.

Our company derives revenue primarily from contractually specified percentages of the amounts our university clients receive from their students in 2U Group (UK) Ltd-enabled degree programs for tuition and fees, less credit card fees and other specified charges we have agreed to exclude in certain university contracts. Our contracts with university clients typically have terms of 10 to 15 years and have a single performance obligation, as the promises to provide a platform of tightly integrated technology and services that university clients need to attract, enroll, educate and support students are not distinct within the context of the contracts. The single performance obligation is delivered as the university clients receive and consume benefits, which occurs ratably over a series of academic terms. The amounts received from university clients over the term of the arrangement are variable in nature in that they are dependent upon the number of students that are enrolled in the program within each academic term. These amounts are allocated to and are recognised ratably over the related academic term, defined as the period beginning on the first day of classes through the last. Revenue is recognised net of an allowance, which is established for our expected obligation to refund tuition and fees to university clients.

Payments to University Clients and Cost of Sales

Pursuant to certain of our contracts, we have made, or are obligated to make, payments to university clients at either the execution of a contract or at the extension of a contract in exchange for various marketing and other rights. Generally, these amounts are capitalised within Debtors and amortized over the life of the contract, commencing on the later of when payment is due or when contract revenue recognition begins and is included within Cost of Sales.

1.3 Receivables, Contract Assets and Liabilities

Debtors includes trade accounts receivable, which are comprised of billed and unbilled revenue. Trade accounts receivable balances have terms of less than one year. Debtors is stated at amortised cost net of provision for credit losses. Our methodology to measure the provision for credit losses requires an estimation of loss rates based upon historical loss experience adjusted for factors that are relevant to determining the expected collectability of accounts receivable. Some of these factors include current market conditions, delinquency trends, aging behavior of receivables and credit and liquidity quality indicators for industry groups, customer classes or individual customers. Our estimates are reviewed and revised periodically based on the ongoing evaluation of credit quality indicators. Historically, actual write-offs for uncollectible accounts have not significantly differed from prior estimates.

We recognize unbilled revenue when revenue recognition occurs in advance of billings. Unbilled revenue is recognized because billings to university clients do not occur until after the academic term has commenced and final enrollment information is available. Our unbilled revenue represents contract assets.

1.4 Foreign Currency Exchange Risk

We transact material business in foreign currencies and are exposed to risks resulting from fluctuations in foreign currency exchange rates. Our primary exposures are related to non-GBP denominated revenue and operating expenses in the United States and South Africa. Accounts relating to foreign operations are translated into GBP using prevailing exchange rates at the relevant period end. As a result, we would experience increased revenue and operating expenses in our non-U.K. operations if there were a decline in the value of the GBP relative to these foreign currencies. Conversely, we would experience decreased revenue and operating expenses in our non-GBP operations if there were an increase in the value of the GBP relative to these foreign currencies.

1.5 Taxation

A current tax liability is recognized for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognized in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognized in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognized only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

2 Trade and other debtors: due after more than one year	2022	2021
	£	£
Other debtors	987,147	1,137,093

3 Trade and other debtors: due in less than one year	2022	2021
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	£	£
Trade debtors	126,831	15,840
Other debtors	2,241,896	1,933,498
	<u>2,368,727</u>	<u>1,949,338</u>
4 Trade and other payables: amounts falling due within one year	2022	2021
	£	£
Trade payables	-	4,617
Other payables	18,259,949	14,295,706
	<u>18,259,949</u>	<u>14,300,323</u>
5 Employees	2022	2021
	Number	Number
Average number of persons employed by the company	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>

6 Events after the reporting date

Subsequent to 31 December 2022, the Company entered into an agreement with a university partner to strategically exit a certain program. This agreement includes the provision of transition services and make-whole fees. This program represents less than 15% of the company's 2022 revenue.

7 Other information

2U Group (UK) Ltd is a private company limited by shares and incorporated in England. Its registered office is:

C/O Skadden, Arps, Slate, Meagher & Flom (UK) LLP
22 Bishopsgate
London
EC2N 4BQ

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