

The Motley Fool Limited

Report and Financial Statements

Year ended 30 September 2017

Company no. 3736872



The Motley Fool Limited

Registered No. 3736872

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Company Information

Directors

O Douglass
L Greenberg
R Coon

Secretary

Taylor Wessing Secretaries Limited

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Registered Office

60 Charlotte Street,
London. W1T 2NU

Strategic report

The Directors present the audited Financial Statements of The Motley Fool Limited ("the Company") for the year ended 30 September 2017.

Principal activities

The company's principal activity is as an internet-based community specialising in investing information and guidance.

Risks and uncertainties

The Company is exposed to risks and uncertainties relating to economic, legal and regulatory risks that are inherent in the environment in which the company will operate in. The risks and uncertainties described below are not the only ones the company may face. Additional risks and uncertainties not presently known to the company or that the company's management currently deems minor or insignificant may also impair its business operations.

Economic

- Competition from established competitors
- Inflationary pressure on prices and salaries
- General stock market performance

Legal

- Challenges resulting from activity on our discussion boards and newsletters

Regulatory

- Further enhancements to the existing regulatory framework and reporting guidelines

Operational

- Loss of key staff within the editorial, marketing and support functions would impact the business, whilst replacements are identified and employed
- Technical failures related to the website or newsletter delivery would impact renewals

Future developments

The company expects to continue to develop the Motley Fool brand into a widely known and trusted online name and community in the UK. The company intends to develop its subscription activities further in the coming year.

Key performance indicators

The company's future KPI's are:

- Cash received from subscription products (bookings)
- The number of subscribers to the investment newsletter services
- The related renewal rates of subscribers to those services
- The number of online sessions from visitors
- The number of email addresses indicating an interest in our offerings
- The conversion rate of those email addresses into subscribers

Strategic report

The strategic report was approved by the board on 14 September 2018 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Randy Coon', with a stylized flourish at the end.

Randy Coon

Director

Directors' report

The directors present their report and financial statements for the year ended 30 September 2017.

Results and dividends

The profit for the year after taxation amounted to £2,374,062 (2016: £5,972,133).

Review of the business

The directors consider the results for the year to be satisfactory. With regard to the company's key performance indicators referred to in the Strategic Report, performance in the financial year and position at the end of the financial year are considered to be satisfactory.

Basis of preparation

The accounts have been prepared on the going concern basis due to the ongoing financial support of the parent company, The Motley Fool LLC, incorporated in Delaware, USA.

Directors

The directors who served during the year were those listed on page 1.

Directors' Responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Directors' report (continued)

The directors are 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. They are also 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 confirm that:

- so far as each director is aware there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 487 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board



Randy Coon

Director

14 September 2018

Independent auditor's report

to the members of The Motley Fool Limited

Opinion

We have audited the financial statements of The Motley Fool Limited (the 'company') for the year ended 30 September 2017 which comprise the statement of comprehensive income, the statement of changes in equity, statement of financial position, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report,¹ other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

to the members of The Motley Fool Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



David Pearson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
14 September 2018

Statement of comprehensive income

for the year ended 30 September 2017

		Year ended 30 September 2017	Year ended 30 September 2016
	Notes	£	£
Turnover	3	1,586,301	1,429,049
Cost of sales		(609,944)	(566,289)
Gross profit		976,357	862,760
Administrative expenses		(1,442,639)	(1,575,771)
Other operating income		2,844,194	3,751,450
Gain on net financial assets at fair value		60,643	3,735,334
Operating profit	4	2,438,555	6,773,773
Interest receivable		55,376	55,275
Interest payable		(245,141)	(376,917)
Profit on ordinary activities before taxation		2,248,790	6,452,131
Taxation	7	125,272	(479,998)
Profit for the financial period		2,374,062	5,972,133
Total comprehensive income for the financial period	14	2,374,062	5,972,133
Profit for the period attributable to:			
Owners of the parent		2,374,062	5,972,133
Total comprehensive income for the period attributable to:			
Owners of the parent		2,374,062	5,972,133

Statement of changes in equity

for the year ended 30 September 2017

	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 30 September 2015	19,979	1,578,254	(7,157,091)	(5,558,858)
Profit for the year	-	-	5,972,133	5,972,133
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2016	19,979	1,578,254	(1,184,958)	413,275
Profit for the year	-	-	2,374,062	2,335,648
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017	19,979	1,578,254	1,189,104	2,536,794
	<hr/>	<hr/>	<hr/>	<hr/>

Statement of financial position

at 30 September 2017

		30 September 2017	30 September 2016
	Notes	£	£
Fixed assets			
Tangible assets	8	-	2,878
Investments	9	-	2,823,595
		-	2,826,473
Current assets			
Debtors	10	1,056,685	2,468,114
Investments	11	2,975,875	91,637
Cash at bank and in hand		647,818	860,841
		4,680,379	3,420,592
Creditors: amounts falling due within one year	12	(1,255,877)	(5,035,937)
Net current liabilities		3,424,502	(1,615,345)
Total assets less liabilities		3,424,502	1,211,128
Creditors: amounts falling due after more than one year	12	(637,165)	(797,853)
Net assets		2,787,337	413,275
Capital and reserves			
Called up share capital	13	19,979	19,979
Share premium account	14	1,578,254	1,578,254
Profit and loss account	14	1,189,104	(1,184,958)
		2,787,337	413,275

These financial statements were approved and authorised by the board of directors on 14 September 2018 and were signed on its behalf by:



Randy Coon
Director

The accompanying notes on pages 11 to 26 are an integral part of the financial statements.

Statement of cash flows

for the year ended 30 September 2017

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Operating profit	2,438,555	6,773,773
Reserve against interest receivable	-	-
Depreciation	2,878	9,535
Fair value movement on fixed asset investments	60,643	(3,735,334)
Fair value movement on current asset financial instruments	-	143,265
Increase in debtors	31,844	(91,438)
Increase in creditors	(2,726,287)	(380,212)
Net cash generated from operating activities	(192,367)	2,719,589
Investing activities		
Interest received	37	3,001
Purchase of tangible fixed assets	-	-
Disposal of fixed asset investments	-	912,363
Net proceeds from current asset investments	(20,693)	(7,111)
Net cash from investing activities	(20,656)	908,253
Financing activities		
Decrease in loans and borrowings	-	(3,375,777)
Net increase in cash and cash equivalents	(213,023)	252,065
Cash and cash equivalents at the beginning of the year	860,841	608,776
Cash and cash equivalents at the end of the year	647,818	860,841

Notes to the financial statements

at 30 September 2017

1. Accounting Policies

General information

The company (Registration number 03736872) is incorporated in England and Wales with its principal place of business and registered office at 60 Charlotte Street, London W1T 2NU.

Basis of preparation and change in accounting policy

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modifications to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Intangible fixed assets

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Computer equipment	– 33% per annum
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The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Equity investments

Investments comprise a portfolio of investments in quoted and unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in the profit or loss. Fair value is estimated by using either a recent available price per share if possible or by using a valuation model.

Dividend income is recognised when earned.

Financial assets

Debtors

Intra-group loans receivable are recognised as non-basic financial instruments when the interest rate is linked to the United States Prime rate. These debt instruments are recognised at fair value using a valuation model at a rate of interest appropriate when the debt instrument originated.

Short term debtors are measured at transaction price, less any impairment.

Notes to the financial statements

at 30 September 2017

Impairment of financial assets

The Company assesses on an on-going basis whether a financial asset is impaired. If there is objective evidence that an impairment loss on debt instruments has arisen, the amount of loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash, discounted at the financial asset's original effective interest rate. The carrying amount of the debt instrument is reduced through the use of a loan loss provision.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Cash and cash equivalents

Cash at bank and in hand in the balance sheet comprises cash at bank and at hand and in liquid investment portfolios.

Financial liabilities

Interest-bearing loans and borrowings

Intra-group loans are classed as non-basic financial instruments where the loan currency differs from the interest index the loan is linked to. All other loans are classed as basic financial instruments.

All intra-group loans are initially recognised at present value and a fair value interest rate.

Creditors

Short term creditors are measured at the transaction price.

Turnover

Turnover represents subscription income of online share-tipping services, introduction commission to share dealing services and advertising income through the website and email lists.

Subscription revenues are recognised following the completion of the money-back-guarantee period over the term of the subscription payment received. Partnership and syndication revenues are recognised in accordance with the underlying contracts and periods of delivery of contracted content and services. Advertising revenues are initially recognised based on the expected delivery of online and email advertising activity; any shortfall against expected delivery is quantified and deferred until it is served.

Turnover is stated net of value added tax.

Interest Income

Interest income is recognised in the income statement for all financial assets measured at amortised cost using an effective interest method. The effective interest method is a method of calculating the amortised cost of the financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate represented by an arms-length transaction that exactly discounts estimated future cash flows considering all contractual terms of the financial instruments, such as early settlement options, but does not include an exception for future credit losses. The calculation includes all material fees charges to customers, such as acceptance or similar fees, and direct and incremental transaction costs.

Other Income

Other income includes gains on unquoted equity investments and dividends received from current asset investments.

Notes to the financial statements

at 30 September 2017

Employee benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions, paid annual leave and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Pensions

The company runs a defined contribution pension scheme, which all employees are entitled to join. The company directly contributes to the pension scheme, and contributions are charged in the profit and loss account as they become payable.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Share-based payments

The company maintains a share-based employee compensation plan which is described more fully in note 15. The company records compensation expense in the profit and loss account. The accounting policy is aligned with the parent company's accounting policy.

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Notes to the financial statements

at 30 September 2017

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2. Judgements and key sources of estimation uncertainty

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities 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. The following judgements (including those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Loan loss provision

The Company reviews its debt instrument receivables on an on-going basis to assess the level of impairment. Future cash flows are estimated on the basis of the contractual cash flows of the assets, adjusted on the basis of the current observable date to reflect the effect of current conditions. The carrying amount of the loan receivables at 30 September 2017 was £827,218 (2016: £650,644).

Equity investments valuation

The unquoted equity investments are valued at fair value based on the most recent available price per share when available. There is a lack of comparable market data because of the nature of unquoted investments. The price per share at 30 September 2017 is based upon the most recent sale of those shares made on 9th June 2016.

Notes to the financial statements

at 30 September 2017

3. Turnover

Turnover, analysed geographically between markets was as follows:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Europe	1,456,340	1,336,653
Rest of the World	129,961	92,396
	<u>1,586,301</u>	<u>1,429,049</u>

Turnover, analysed by category was as follows:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Subscription Revenue	1,489,301	1,351,609
Commission Revenue	50,700	55,000
Advertising Revenue	46,300	22,440
	<u>1,586,301</u>	<u>1,429,049</u>

4. Operating loss

This is stated after charging:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration for audit services	32,300	32,150
Other fees to auditors – taxation services	11,549	19,101
Foreign exchange (gains)/losses	(62,601)	258,865
Operating lease charges:		
Land and buildings	381,873	381,873
Depreciation of tangible	2,878	9,535
	<u></u>	<u></u>

Notes to the financial statements

at 30 September 2017

5. Staff costs

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Salaries	829,789	637,772
Social security costs	60,479	71,764
Pension contributions	34,230	36,796
	<u>924,498</u>	<u>746,332</u>

The pension contribution payable at 30 September 2017 was £5,063 (2016: £6,941).

The average monthly number of employees was as follows:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Administration	2	2
Operations	3	6
Design and technology	2	2
	<u>7</u>	<u>10</u>

6. Directors' emoluments

In 2017 and 2016 all directors' remuneration has been borne by the company's parent undertaking, The Motley Fool, Inc.

No directors exercised share options during the period.

Notes to the financial statements

at 30 September 2017

7. Taxation

(a) Tax on loss on ordinary activities:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Deferred tax- current year	(125,285)	479,998
Deferred tax- prior year	13	-
Total tax benefit*	(125,272)	479,998

The total tax for the year is different from the standard rate of corporation tax in the UK (19.5%). The differences are explained below

(b) Factors affecting current tax for the period:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2016</i>
	<i>£</i>	<i>£</i>
Loss on ordinary activities before tax	2,208,853	6,452,131
Loss on ordinary activities multiplied by the standard rate of UK corporation tax – 19.5% (2016: 20%)	430,726	1,290,426
<i>Effects of:</i>		
Depreciation for the period in excess of capital allowances	389	1,691
Other expenditure which is not tax deductible	367	1,274
Short term timing differences	(6,801)	(195)
Losses utilised in the period	-	(105,141)
Losses carried forward	107,858	-
Exempt dividend income	(445)	-
Gain on investments	-	(564,704)
Stock option adjustment	706	11,130
Loan relationship adjustment	21,373	(234,191)
Non-taxable income	(554,173)	(400,290)
Unrealised gain not eligible for SSE	13	479,998
Deferred tax recognised	(125,285)	-
Total tax charge	(125,272)	479,998

Factors that may affect future tax charges

A deferred tax asset of £71,985 (2016: £286,514) has not been recognised on the basis that it will be recoverable only to the extent that the company has future taxable profits. A deferred tax asset of £125,285 has been recognised on the basis that the Company will be able to utilise carried forward losses to set against the gain arising on the sale of the shares in the Runpath Group, which is expected to take place in the period ending 30 September 2018.

Notes to the financial statements

at 30 September 2017

8. Tangible fixed assets

	<i>Computer equipment</i>	<i>Total</i>
	£	£
Cost:		
At 1 October 2016	30,238	30,238
	<hr/>	<hr/>
At 30 September 2017	30,238	30,238
	<hr/>	<hr/>
Depreciation:		
At 1 October 2016	27,360	27,360
Provided during the period	2,878	2,878
	<hr/>	<hr/>
At 30 September 2017	30,238	30,238
	<hr/>	<hr/>
Net book value:		
At 30 September 2017	-	-
	<hr/>	<hr/>
At 1 October 2016	2,878	2,878
	<hr/>	<hr/>

Notes to the financial statements

at 30 September 2017

9. Fixed asset investments

	2017	2016
	£	£
Fair value		
At 1 October	2,823,595	624
Disposals	-	(912,363)
Fair value adjustments	-	3,735,334
Transfer to current asset investment	(2,823,595)	-
At 30 September	-	2,823,595

On 7th January 2016 and 9th June 2016 the company disposed of a partial holding in Runpath Group Limited (formerly Crate Enterprises Limited), reducing its holding from 15.6% to 6.2%.

Subsequent to year-end, The Company sold its remaining interest in Runpath Group Limited. The fixed asset investment has therefore been classified as a current asset investment as of 30 September 2017.

Notes to the financial statements

at 30 September 2017

10. Debtors

	30 September 2017	30 September 2016
	£	£
Trade debtors	30,135	(4,819)
Amounts due from parent undertaking	844,336	2,225,247
Prepayments and accrued income	101,452	142,919
Other debtors	80,763	104,767
	<u>1,056,685</u>	<u>2,468,114</u>

Other debtors include an amount of £104,766 (2016 - £104,766) relating to rent deposits paid and secured under a rent deposit deed.

11. Current asset investments

	30 September 2017	30 September 2016
	£	£
Fair market value		
At 1 October	91,637	84,526
Transfer from fixed asset investment	2,823,595	-
Fair value movement	60,643	7,111
At 30 September	<u>2,975,875</u>	<u>91,637</u>

Listed investments relate to the Company's shareholding in various UK-listed and US-listed companies.

Notes to the financial statements

at 30 September 2017

12. Creditors

Creditors: amounts falling due within one year

	<i>30 September</i> 2017	<i>30 September</i> 2016
	£	£
Trade creditors	66,265	69,527
Other taxes and social security costs	42,673	56,480
Amounts due to parent undertakings	298,825	2,195,084
Amounts due to associated undertakings	-	3,617
Loan due to associated undertakings	-	1,758,900
Accruals and deferred income	848,115	824,380
Onerous lease provision	-	127,949
	<u>1,255,878</u>	<u>5,035,937</u>

Creditors: amounts falling due after more than one year

	<i>30 September</i> 2017	<i>30 September</i> 2016
	£	£
Deferred taxation	354,738	479,998
Accruals and deferred income	282,427	317,855
	<u>637,165</u>	<u>797,853</u>

Notes to the financial statements

at 30 September 2017

13. Authorised and issued share capital

<i>Authorised</i>	<i>2017 No.</i>	<i>2016 No.</i>	<i>2017 £</i>	<i>2016 £</i>
Ordinary shares of £0.01 each	2,000,000	2,000,000	20,000	20,000
	<u>2,000,000</u>	<u>2,000,000</u>	<u>20,000</u>	<u>20,000</u>
<i>Authorised, called up, and fully paid</i>	<i>2017 No.</i>	<i>2016 No.</i>	<i>2017 £</i>	<i>2016 £</i>
Ordinary shares of £0.01 each	1,997,991	1,997,991	19,979	19,979
	<u>1,997,991</u>	<u>1,997,991</u>	<u>19,979</u>	<u>19,979</u>

14. Movements on reserves

	<i>Share premium account £</i>	<i>Profit and loss account £</i>
At 1 October 2016	1,578,254	(1,184,958)
Profit for the period	-	2,123,518
At 30 September 2017	<u>1,578,254</u>	<u>938,560</u>

Notes to the financial statements

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15. Share-based payments

Stock Options and Restricted Stock Awards

All UK-based employees are entitled to a grant of Share options (options) or a Restricted Stock Award (RSA) on joining the company. The options and RSAs are granted in the ultimate parent undertaking, The Motley Fool Holdings, Inc., under that company's 2008 Equity Incentive Plan (the Plan). The Plan provides for the granting of share options and restricted shares to employee and consultants of The Motley Fool Holdings, Inc. and its subsidiary undertakings. Options granted generally vest over a 4-year period and have a 10-year term. RSAs are subject to a vesting period determined at the date of grant, generally over a four or five-year period. The options and RSA are forfeited if the employee leaves the Company.

In the event of a sale of all or substantially all of the ultimate parent company's assets, or a merger with or into another organisation, the Board of Directors of The Motley Fool Holdings, Inc. has the authority to provide automatic acceleration of vesting.

The share options are exercisable at the exercise price determined at the time of grant. RSA granted at a market value and become the property of the employee proportionally over the vesting period.

As discussed in Note 1 the company records compensation expense in the profit and loss account, based on the equity-settled grant-date fair value basis in accordance with the provisions of FRS102. The company recognises compensation expense on a fair value basis and reflecting the instalment basis of options granted under the Plan.

The total expense recognised for share-based equity-settled payments in respect of employee services received during the period to September 30, 2017 is £69,229 (2016 – £55,648) of which £224 was from options and £69,005 was from RSAs (2016 - £450 and £55,198 respectively).

As of September 30, 2017, £0 of total unrecognized compensation cost related to stock options is expected to be recognized and £62,399 of total unrecognized compensation cost related to restricted stock is expected to be recognized over 3 years.

Stock Options Fair Value and Grants

The fair value for share options granted under the Plan during the period ended September 30, 2017, was estimated at the grant date using a Black-Scholes option pricing model with the following weighted-average assumptions:

	2017	2016
Risk-free interest rate	1.25%	1.25%
Expected dividend yield	–	–
Expected volatility	35%	35%
Expected term (in years)	6.25	6.25

Risk-free interest rate – the risk-free interest rate for share options granted during the period is determined by using U.S. treasury rates of the same period as the expected option term of each option.

Expected dividend yield – the dividend yield is based on actual dividends expected to be paid over the expected term of the option. The Motley Fool Holdings, Inc. has never paid a dividend nor has plans to issue a dividend.

Expected volatility – the expected volatility is based on the results of a study of similar guideline companies in The Motley Fool Holdings, Inc.'s peer group with publicly available historical information. Historical volatility was not used as The Motley Fool Holdings, Inc. is not public and does not have sufficient historical information to develop reasonable expectations about future volatility.

Expected term – the average expected life was based on the four-year vesting period and the ten-year term of the options.

Notes to the financial statements

at 30 September 2017

15. Share-based payments (continued)

There were no options granted during the period. The fair value of share options that vested during the period was US\$5.50/£4.23 (2016 – US\$9.04/£6.07).

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the period

	2017	2017	2017	2016	2016	2016
Outstanding as at 30 September	2,300	US\$5.62	£4.19	3,300	US\$5.61	£4.31
Granted during the period	-	-	-	-	-	-
Exercised during the period	-	-	-	-	-	-
Cancelled during the period	-	-	-	-1,000	US\$5.60	£4.30
Outstanding as at 30-Sep	2,300	US\$5.62	£4.19	2,300	US\$5.62	£4.32
Exercisable at 30-Sep	2,300	US\$5.62	£4.19	2,050	US\$5.63	£4.33

The share options outstanding at the end of the period have the weighted average remaining contractual life of 4.43 years (2016: 5.43 years)

Restricted Stock Awards Fair Value and Grants

The Motley Fool Holdings, Inc. uses an external valuation group to assist in valuing its ordinary shares, with the fair value of the ordinary shares determined based on a multiple market approach that uses estimates and assumptions of competitive groups, appropriate multiples, and marketing and liquidity discounts. There is inherent uncertainty in making these judgements and estimates.

RSAs are valued on the grant date based on the most current external valuation at the date of grant. Share valuations were as follows:

April 2014 – October 2014	US \$6.50 / £4.28 per share
October 2014 – January 2015	US \$11.00 / £7.25 per share
February 2015 – June 2015	US \$13.75 / £9.06 per share
July 2015 – December 2015	US \$10.75 / £7.25 per share
January 2016 – September 2016	US \$8.20 / £6.12 per share
October 2016 - March 2017	US \$12.20/£9.51 per share
April 2017 - September 2017	US \$16.70/£12.46 per share

Restricted stock awards equivalent to 4,270 shares were granted in the period ended September 30, 2017 (2016 – 8,000) with the total fair value for the granted shares of £26,125 (2016-£55,563).

Notes to the financial statements

at 30 September 2017

16. Leasing commitments

At 30 September 2016 the company had annual commitments under non-cancellable rental agreements as set out below:

	<i>Land and buildings</i>	
	<i>30 September 2017</i>	<i>30 September 2016</i>
	£	£
Operating leases which expire:		
within one year	-	72,000
in two to five years	572,813	201,439
	<u>572,813</u>	<u>201,439</u>

17. Pensions Commitments

The Company contributes to a self-invested pension plan (SIPP) on behalf of the employees. Employee contributions are matched up to 7.5% of gross salary. During the period the Company contributed £34,230 (2016: £36,796) to the SIPP.

The total pension contribution payable at 30 September 2017 was £5,063 (2016: £6,942).

18. Contingent liabilities

The company had no contingent liabilities as at 30 September 2017 and 30 September 2016.

19. Post balance sheet event

Subsequent to year-end, the Company sold its remaining interest in Runpath Group Ltd.

Additionally, the Company paid a dividend to The Motley Fool Global Limited for £1,031,473. A loan was also made to The Motley Fool Global Limited for £873,342.

Lastly, On the 30 April 2018 the company issued 1 ordinary share with a par value of £1,051,688 to its parent company.

20. Related party transactions

During the year, the company paid management charges and royalty fees of £28,132 (2016 – received £19,610) and paid £38,337 (2016 – £373,300) in interest charges to its ultimate parent undertaking, The Motley Fool Holdings, Inc.

During the year, the company received interest charges of £55,376 (2016 - £52,275) from its parent undertaking, The Motley Fool Global Limited.

The Company obtained a loan of AU\$3,00,000 from its fellow subsidiary undertaking Motley Fool Australia Pty Ltd on 21st September 2016 at an interest rate of US Prime rate + 4%. During the year, the company paid interest charges of £206,804 on the loan. The loan was forgiven during the year ended 30 September 2017 and the principal and remaining interest was written off.

Notes to the financial statements

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At the balance sheet date, the amount due to The Motley Fool Holdings LLC. was £286,734 (2016 –£748,072), the amount due to The Motley Fool Australia Pty Ltd was nil (2016 – £1,762,517) and the amount due from The Motley Fool Global Limited was £827,218 (2016 – £771,879).

21. Financial risk management

The company has exposures to three main areas of risk – foreign exchange currency exposure, liquidity risk and interest rate risk. To a lesser extent the company is exposed to customer credit exposure.

Foreign exchange currency exposure

The company is exposed to currency exchange rate risk due to its loans payable and its related party transactions being denominated in non-Sterling currencies.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available.

Given the maturity of the related party loan in note 12, the company is in position to meet its commitments and obligations as they come due.

Interest rate risk

The company borrows from and lends to related parties using term loans which are linked directly to the US Prime rate.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The risk is mitigated by the majority of revenue being received as advance payments.

22. Parent undertaking and controlling parties

The immediate parent undertaking is The Motley Fool Global Limited. The ultimate parent undertaking and controlling party is The Motley Fool Holdings, Inc. incorporated in Delaware, USA.

The largest company which prepares consolidated financial statements, including the company, is the ultimate parent undertaking.