Myjar Limited

Annual report and financial statements

Registered number 08518406

29 February 2016

Contents

Directors and advisers

Directors	Ellis Sher – Appointed 3 June 2015 Andrew Dellow – Appointed 1 June 2015 Ricky Crafford – Appointed 21 April 2015 & resigned 25 July 2016 Mark Jackson – Appointed 26 July 2016 Gareth Gumbley – Resigned 21 April 2015
Company secretary	Ellis Sher
Company number	08518406
Registered office	2nd Floor Moss House 15-16 Brook's Mews London W1K 4DS United Kingdom
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Bank	Barclays Bank Level 11 Churchill Place London E14 5HP

Directors' report

The directors present their directors' report and audited financial statements of MYJAR Limited (the 'Company') for the year ended 29 February 2016.

Principal activities

The principal activity of the Company is the processing of small short-term loans which are arranged through the internet and mobile phone.

Business review

The Company is the FCA regulated lender of record for the MYJAR Group of Businesses.

The Company performed in accordance with management forecasts over the year. The profit before taxation for the year was £286,424 (9 months ending 2015: £132,332), resulting in shareholders' funds of £333,540 (9 months ending 2015: £104,643) at the end of the year.

Our simple registration process and unique loan delivery and repayment gateway continue to be met with wide acceptance from our target market. We continue to make excellent progress in using technologically enabled solutions to automate and enhance the quality of our processing platform with the ultimate objective of improving the customer experience.

The Company has access to sufficient group resources to continue to invest in its operations.

Key risks and uncertainties

We are exposed to technology redundancy risk, system outages, data security risk and availability of payment gateways. We manage these risks by investing in modular best of breed solutions which allow for cost effective upgrades and replacement as technology develops.

The ability to provide a continuous and seamless service is critical to the success of the business and we are investing heavily in a duplicate power supply, additional back up servers and establishing 3rd party relationships to protect against failure of data supplies that are needed to process transactions.

The protection of client data and proprietary intellectual property are fundamental cornerstones of our business and we regularly test the vulnerability of our systems and procedures to identify weaknesses including conducting attacks on our own platform to identify areas requiring strengthening.

Key performance indicators

The Company monitors its performance and growth through a number of key performance indicators, including:

- Number of loans processed for the period – 205,628 (9 months ending 2015: 65,128)
- Value of loans processed for the period – £51,557,816 (9 months ending 2015: £13,139,052)

Directors' report *(continued)*

Future outlook

The Company continues to invest in its operating and payments platform allowing the business to scale. We continue to make improvements which will allow for the processing of a wider range of products. Like many sectors of the financial services industry, our sector faces continued regulatory oversight from the Financial Conduct Authority (FCA). We are of the opinion that the cost and disciplines involved in a tighter regulatory regime will cause further consolidation in the sector, some of which was demonstrated during the course of the year. We are well placed for any further regulatory changes since the business has been built with customer fairness, transparency and compliance at the core of how we deliver our service.

Future outlook

On 23 June 2016, the United Kingdom voted to leave the European Union. The impact of this decision on the Company is not yet known.

Proposed dividend

The directors do not recommend the payment of a dividend (2015: nil)

Going Concern

Having reviewed the Company's cash requirements for the next twelve months, the directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its liabilities as and when they fall due for the foreseeable future. For this reason the accounts have been prepared on a going concern basis.

Policy and practice on payment of creditors

The Company is well capitalised and uses best endeavours to meet all creditors' payments with the contractual terms set by the respective suppliers.

Directors

The directors who held office during the period was as follows:

Ellis Sher – Appointed 3 June 2015
Andrew Dellow – Appointed 1 June 2015
Ricky Crafford – Appointed 21 April 2015 & resigned 25 July 2016
Mark Jackson – Appointed 26 July 2016
Gareth Gumbley – Resigned 21 April 2015

Directors' report *(continued)*

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Ellis Sher
Director
2nd Floor Moss House
15-16 Brook's Mews
London
W1K 4DS
United Kingdom

22 November 2016

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
15 Canada Square
London
E14 5GL

Independent auditor's report to the members of Myjar Limited

We have audited the financial statements of Myjar Limited for the year ended 29 February 2016 set out on pages 10 to 19. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities)

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Ashley Rees

Ashley Rees
Senior Statutory Auditor
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

28 November 2016

Profit and Loss Account and Other Comprehensive Income

For the year ended 29/02/2016

	Note	2016	9 month period ending 28.02.2015
		£	£
Turnover	*2*	**682,685**	216,225
Cost of sales		**(346,608)**	(73,095)
Gross profit		**336,077**	143,130
Administrative expenses		**(49,653)**	(10,797)
Profit on ordinary activities before taxation		**286,424**	132,333
Tax on profit on ordinary activities	*6*	**(57,527)**	(27,790)
Profit for the financial year		**228,897**	104,543

The above results were derived entirely from continuing operations

Other Comprehensive Income

For the year ended 29/02/2016

	2016	9 month period ending 28.02.2015
	£	£
Profit for the year	**228,897**	104,543
Other comprehensive income	**-**	-
Total comprehensive income for the year	**228,897**	104,543

Notes on pages 13 to 19 form an integral part of the financial statements

Balance Sheet
As at 29/02/2016

	Note	**2016**		2015	
		£	**£**	£	£
Current assets					
Debtors	*7*	**1,390**		16,138	
Cash at bank and in hand		**2,505,257**		2,545,649	
		2,506,647		2,561,787	
Creditors: amounts falling due within one year	*8*	**(2,173,107)**		(2,457,144)	
Net current assets			**333,540**		104,643
Total assets less current liabilities			**333,540**		104,643
Net assets			**333,540**		104,643
Capital and reserves					
Called up share capital	*9*		**100**		100
Profit and loss account			**333,440**		104,543
Shareholders' funds			**333,540**		104,643

These financial statements were prepared under the small companies regime and were approved by the board of directors on 22 November 2016 and signed on its behalf by:

Ellis Sher
Director

Company registered number: 08518406

Notes on pages 13 to 19 form an integral part of the financial statements

Statement of Changes in Equity

	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 June 2014	100	-	100
Total comprehensive income for the period	-	104,543	104,543
Balance at 28 February 2015	100	104,543	104,643

	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 March 2015	100	104,543	104,643
Total comprehensive income for the period	-	228,897	228,897
Balance at 29 February 2016	100	333,440	333,540

Notes on pages 13 to 19 form an integral part of the financial statements

Notes
(Forming part of the financial statements)

1 Accounting policies

Myjar Limited is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *the Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

Under Section 1A of FRS 102 the Company is exempt from the requirements to prepare a Cash Flow Statement on the ground of its size.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going Concern

Having reviewed the Company's cash requirements for the next twelve months, the directors confirm that they have a reasonable expectation that the Company has access to adequate resources to continue in operational existence and to meet its liabilities as and when they fall due for the foreseeable future. For this reason, the accounts have been prepared on a going concern basis.

Notes *(continued)*

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument. Basic financial assets (including debtors) are derecognised when the risk and reward with respect to the financial asset has been substantially transferred outside of the entity.

Cash and cash equivalents

Cash in the balance sheet comprises cash in hand and current balances with banks and similar institutions.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Turnover

Turnover represents a loan processing fee which is recognised as loan processing services are performed. While MYJAR Limited is the regulated lender, the contractual arrangements with MYJAR Treasury Limited, a fellow subsidiary of the Group, results in the entity not being exposed to the significant risks and rewards associated with lending. As a result, the only turnover recognised by the entity relates to the loan processing fee which is retained for each loan processed on behalf of the group.

Notes *(continued)*

1.6 Leases

Where applicable, any amounts payable under operating leases are charged to the profit and loss account in the period to which they relate.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Notes (continued)

2 Turnover

Turnover is derived from the principal activity of the Company in the United Kingdom. Turnover may be analysed as follows:

	2016	9 month period ending 28.02.2015
	£	£
Loan Processing fees	**682,685**	216,225

While MYJAR Limited is the regulated lender, the contractual arrangements with MYJAR Treasury Limited, a fellow subsidiary of the Group, results in the entity not being exposed to the significant risks and rewards associated with lending. As a result, the only turnover recognised by the entity relates to the loan processing fee which is retained for each loan processed on behalf of the Group. As the risk and reward of the lending activity has been substantially transferred to MYJAR Treasury Limited, the loan book receivable has been derecognised by the entity in accordance with Section 11 of FRS 102.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016	9 month period ending 28.02.2015
	£	£
Audit of these financial statements	**7,000**	9,333
Amounts receivable by the company's auditor and its associates in respect of other services relating to taxation.	**3,600**	-
	10,600	9,333

4 Staff numbers and costs

No wages and salaries were paid in the year. The company does not employ any staff and is reliant on administrative services provided by other group companies.

5 Director's Remuneration

During the current and prior year the director' emoluments were borne by another group company, TXT Services Limited. The amount attributable to services provided in relation to the Company were £124,467 (2015: £86,695).

No company pension contributions were made on the directors' behalf during the year (2015: £nil).

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account

	2016		9 month period ending 28.02.2015	
	£	**£**	£	£
Current tax				
Current tax on income for the period		**57,527**		27,790
Total current tax		**57,527**		27,790
Total tax		**57,527**		27,790

Current tax reconciliation

	2016	9 month period ending 28.02.2015
	£	£
Profit on ordinary activities before tax	**286,424**	132,333
Current tax at 20.08% (2015: 21%)	**57,527**	27,790
Total current tax recognised in profit and loss	**57,527**	27,790

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

7 Debtors

	2016	2015
	£	£
Amounts owed by group undertakings	**1,138**	1,138
Prepayments and accrued income	**252**	15,000
	1,390	16,138

Amounts owed by group undertakings are interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2016	2015
	£	£
Accruals and deferred income	**41,682**	19,078
Corporation tax	**85,317**	27,790
Amounts owed to group undertaking	**2,046,108**	2,410,276
	2,173,107	2,457,144

Amounts owed to group undertakings are interest free and repayable on demand.

Notes *(continued)*

9. Share Capital

	2016	2015
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1 (2015: 11 ordinary shares of £1)	**100**	100
	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10. Contingent liabilities

The Directors do not consider there to be any contingent liabilities.

11. Related Parties

The company has taken the exemption allowed in FRS 102 from disclosing transactions with wholly-owned subsidiaries of the MYJAR group.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £124,467 (2015: £86,695). As disclosed in Note 5, this compensation is borne by another group entity.

12 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of MYJAR Holdings Limited, a Jersey registered company. The ultimate controlling party is Sumod Nominees Limited, a Jersey registered company.

13 Subsequent events

There are no significant events after the balance sheet date