

COMPANY REGISTRATION NUMBER: 09897919

Modulr FS Limited
Financial Statements
31 December 2016

WEDNESDAY



A6DXW9ZT

A16

30/08/2017

#180

COMPANIES HOUSE

BDO LLP
Chartered accountant & statutory auditor
London

Modulr FS Limited

Financial Statements

Period from 2 December 2015 to 31 December 2016

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	5
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

Modulr FS Limited
Officers and Professional Advisers

Company number	09897919
The board of directors	Mr K A Hayes Mr M C Stephenson
Registered office	1 Hammersmith Broadway London United Kingdom W6 9DL
Auditor	BDO LLP Chartered accountant & statutory auditor London

Modulr FS Limited

Strategic Report

Period from 2 December 2015 to 31 December 2016

The directors present their strategic report for the period ended 31 December 2016

Review of the business

The company's principal activities during the period were that of a regulated Electronic Money Institution.

The company carried out research and development activities during the period in relation to a new technology platform.

Future Developments

The company will begin granting use of its Electronic Money Institution licence as a principle to an appointed agent. The company will continue to invest in the appropriate staff to monitor and maintain strict compliance with regulations

KPIs

The company tracks customers, transaction volumes and total settlement value on a week to week basis and monitors current performance on a series of measures shown on company dashboards.

Principal risks and uncertainties

Risk management is an integral part of managing the business and the company formally maintains and reviews its risk register on a regular basis. A risk committee meets monthly to monitor and evaluate the risks identified. The principal risks and uncertainties facing the company are broadly grouped as; regulatory, financial assets and liquidity risk.

The company's regulatory risk is its compliance with applicable regulations for the activities it undertakes. The risk committee ensures the correct procedures and policies are in place to adhere to the rules and regulations of an Electronic Money Institution. The Financial Conduct Authority ("FCA") authorised Modulr FS Limited as an Electronic Money Institution on 1st September 2016. The FCA also authorised Modulr Finance Limited as a firm that can act on behalf of another firm (its 'principal') that is authorised or registered by the FCA as a payment or e-money institution. Modulr Finance Limited is an agent of Modulr FS Limited.

The company's principal financial assets are cash balances and trade and other debtors. The company has no significant concentration of credit risk, with exposure spread over several customers. The company is subject to liquidity risk. In order to ensure that sufficient funds are available for ongoing operations and future developments, the company is reliant on funds from the shareholders. Based on the cash flow forecasts for the company the directors are confident that sufficient resources are available to allow the company and its shareholders to fund the planned operations and developments.

This report was approved by the board of directors on 14th March 2017 and signed on behalf of the board by:



Mr M C Stephenson
Director

Registered office:
1 Hammersmith Broadway
London
United Kingdom
W6 9DL

Modulr FS Limited

Directors' Report

Period from 2 December 2015 to 31 December 2016

The directors present their report and the financial statements of the company for the period ended 31 December 2016.

Directors

The directors who served the company during the period were as follows:

Mr K A Hayes	(Appointed 2 February 2016)
Mr M C Stephenson	(Appointed 2 February 2016)
Mr M Bithal	(Appointed 2 December 2015 and resigned 2 February 2016)

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

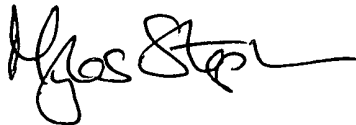
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
 - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of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

Modulr FS Limited

Directors' Report *(continued)*

Period from 2 December 2015 to 31 December 2016

This report was approved by the board of directors on 14 March 2017 and signed on behalf of the board by:



Mr M C Stephenson
Director

Registered office:
1 Hammersmith Broadway
London
United Kingdom
W6 9DL

Modulr FS Limited

Independent Auditor's Report to the Members of Modulr FS Limited

Period from 2 December 2015 to 31 December 2016

We have audited the financial statements of Modulr FS Limited for the period ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 31 December 2016 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Modulr FS Limited

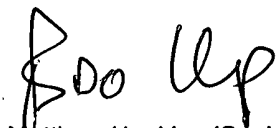
Independent Auditor's Report to the Members of Modulr FS Limited *(continued)*

Period from 2 December 2015 to 31 December 2016

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.



Matthew Hopkins (Senior Statutory Auditor)

For and on behalf of
BDO LLP
Chartered accountant & statutory auditor
London

14/3/17

Modulr FS Limited

Statement of Comprehensive Income

Period from 2 December 2015 to 31 December 2016

		Period from 2 Dec 15 to 31 Dec 16 £
Revenue	Note 4	202,500
Gross profit		<u>202,500</u>
Administrative expenses		(205,395)
Operating loss	5	<u>(2,895)</u>
Other interest receivable and similar income	8	<u>384</u>
Loss on ordinary activities before taxation		(2,511)
Tax on loss on ordinary activities	9	<u>10,718</u>
Profit for the financial period and total comprehensive income		<u><u>8,207</u></u>

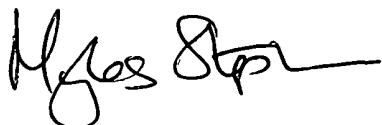
All the activities of the company are from continuing operations.

The notes on pages 11 to 15 form part of these financial statements.

Modulr FS Limited
Statement of Financial Position
31 December 2016

	Note	31 Dec 16 £
Current assets		
Debtors	10	32,390
Cash at bank and in hand		397,835
		<u>430,225</u>
Creditors: amounts falling due within one year	11	(72,017)
Net current assets		<u>358,208</u>
Total assets less current liabilities		<u>358,208</u>
Net assets		<u><u>358,208</u></u>
Capital and reserves		
Called up share capital	12	1,001
Share premium account	13	349,000
Profit and loss account	13	8,207
Members funds		<u><u>358,208</u></u>

These financial statements were approved by the board of directors and authorised for issue on 14 March 2017, and are signed on behalf of the board by:



Mr M C Stephenson
Director

Company registration number: 09897919

The notes on pages 11 to 15 form part of these financial statements.

Modulr FS Limited
Statement of Changes in Equity

Period from 2 December 2015 to 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 2 December 2015	–	–	–	–
Profit for the period	–	–	8,207	8,207
Total comprehensive income for the period	–	–	8,207	8,207
Issue of shares	1,001	349,000	–	350,001
Total investments by and distributions to owners	1,001	349,000	–	350,001
At 31 December 2016	1,001	349,000	8,207	358,208

The notes on pages 11 to 15 form part of these financial statements.

Modulr FS Limited

Statement of Cash Flows

Period from 2 December 2015 to 31 December 2016

	31 Dec 16 £
Cash flows from operating activities	
Profit for the financial period	8,207
<i>Adjustments for:</i>	
Other interest receivable and similar income	(384)
Tax on loss on ordinary activities	(10,718)
Accrued expenses	7,154
<i>Changes in:</i>	
Trade and other debtors	(32,390)
Trade and other creditors	64,610
Cash generated from operations	36,479
Interest received	384
Tax receivable	10,718
Net cash from/(used in) operating activities	<u>47,581</u>
Cash flows from financing activities	
Proceeds from issue of ordinary shares	350,001
Proceeds from loans from group undertakings	253
Net cash from financing activities	<u>350,254</u>
Net increase in cash and cash equivalents	397,835
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	<u>397,835</u>

The notes on pages 11 to 15 form part of these financial statements.

Modulr FS Limited

Notes to the Financial Statements

Period from 2 December 2015 to 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 1 Hammersmith Broadway, London, W6 9DL.

The period of the company's accounts is longer than one year as they begin from the incorporation date of 2 December 2015.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and it is the company's first year of reporting.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Period from 2 December 2015 to 31 December 2016

3. Accounting policies *(continued)*

Income tax *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 that are expected to apply to the reversal of the timing difference.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Revenue

Revenue arises from:

	Period from
	2 Dec 15 to
	31 Dec 16
	£
Service Fees	<u>202,500</u>

The whole of the revenue is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Period from 2 December 2015 to 31 December 2016

5. Operating profit

Operating profit or loss is stated after charging:

Period from
2 Dec 15 to
31 Dec 16
£
4,800

Fees payable for the audit of the financial statements

6. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

31 Dec 16
No. 3

Administrative staff

The aggregate payroll costs incurred during the period, relating to the above, were:

Period from
2 Dec 15 to
31 Dec 16
£
156,559
23,812
180,371

Wages and salaries

Social security costs

7. Directors remuneration

The directors' aggregate remuneration in respect of qualifying services was:

Period from
2 Dec 15 to
31 Dec 16
£
44,980

Remuneration

8. Other interest receivable and similar income

Period from
2 Dec 15 to
31 Dec 16
£
384

Interest on cash and cash equivalents

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Period from 2 December 2015 to 31 December 2016

9. Tax on loss on ordinary activities

Major components of tax income

	Period from 2 Dec 15 to 31 Dec 16 £
Current tax:	
UK current tax income	(10,718)
Tax on loss on ordinary activities	<u>(10,718)</u>

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20%.

	Period from 2 Dec 15 to 31 Dec 16 £
Loss on ordinary activities before taxation	(2,511)
Loss on ordinary activities by rate of tax	458
Utilisation of tax losses	(458)
R&D Tax Credit	(10,718)
Tax on loss on ordinary activities	<u>(10,718)</u>

10. Debtors

	31 Dec 16 £
Trade debtors	20,000
Amounts owed by group undertakings	1
Prepayments	1,671
Corporation tax repayable	10,718
	<u>32,390</u>

11. Creditors: amounts falling due within one year

	31 Dec 16 £
Trade creditors	10,500
Amounts owed to group undertakings	253
Accruals	7,154
Social security and other taxes	7,854
Other creditors	46,256
	<u>72,017</u>

Modulr FS Limited

Notes to the Detailed Income Statement

Period from 2 December 2015 to 31 December 2016

Period from
2 Dec 15 to
31 Dec 16
£

12. Called up share capital

Issued, called up and fully paid

	31 Dec 16	
	No.	£
Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>

During the period 1 £1 ordinary share was issued at par for cash and 1000 £1 ordinary shares were issued at a premium of £349.

13. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

14. Related party transactions

The company has claimed an exemption from disclosing any related party transactions on the grounds that it is a 100% subsidiary and disclosure where relevant is included within the consolidated accounts of the ultimate parent company Modulr Holdings Limited. Copies of the parent company's accounts can be obtained from Companies House quoting company reference number 09895588.

15. Electronic Money Funds

The company received an Electronic Money Institution licence from the Financial Conduct Authority ("FCA") on September 1st 2016. The licence will become operational in the current year. The company held no client funds at the year end.

During the year, as an interim measure, the company partnered with a third party to deliver regulated services which are not recognised in the statement of financial position.

16. Controlling party

At the balance sheet date the company was under the control of Modulr Holdings Limited, a company incorporated in England & Wales. In the opinion of the directors, there was no single ultimate controlling party during the period.