

COMPANY REGISTRATION NUMBER: 09897919

Modulr FS Limited
Financial Statements
31 December 2017

SATURDAY



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Modulr FS Limited
Financial Statements
Year ended 31 December 2017

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Modulr FS Limited
Officers and Professional Advisers

The board of directors

Mr K A Hayes
Mr M C Stephenson
Mr R A Devey

Registered office

1 Hammersmith Broadway
London
United Kingdom
W6 9DL

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Modulr FS Limited

Strategic Report

Year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017

Review of the business

The company's principal activities during the year were that of a regulated Electronic Money Institution. The company's FCA reference number is 900573.

The company does not monitor specific key financial indicators with the exception of the monthly management results.

Future Developments

The company will continue granting use of its Electronic Money Institution licence as a principle to an appointed agent which at present is Modulr Finance Limited. In order to comply with regulations the company will continue to invest in the appropriate staff to monitor and maintain strict compliance.

Principal risks and uncertainties

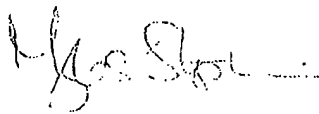
Risk management is an integral part of managing the business and the company formally maintains and reviews its risk register on a regular basis. A risk committee meets regularly to monitor and evaluate the risks identified. The principal risks and uncertainties facing the company are broadly grouped 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 also 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 parent company. Based on the cash flow forecasts for the company the directors are confident that sufficient resources are available to allow the company to fund its operations and developments.

This report was approved by the board of directors on 24/04/2018..... 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

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

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

Mr K A Hayes
Mr M C Stephenson
Mr R A Devey (appointed 1st November 2017)

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 year. 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:

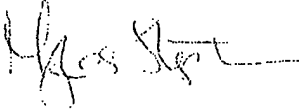
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
 - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of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

Modulr FS Limited

Directors' Report *(continued)*

Year ended 31 December 2017

This report was approved by the board of directors on 24/04/2018 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

Year ended 31 December 2017

Opinion

We have audited the financial statements of Modulr FS Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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.

Modulr FS Limited

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

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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.

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.

Modulr FS Limited

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

Year ended 31 December 2017

Responsibilities of directors

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, 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

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 don't 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.

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.



Matthew Hopkins (Senior Statutory Auditor)

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

25 April 2018

Modulr FS Limited
Statement of Comprehensive Income
Year ended 31 December 2017

		Year to 31 Dec 17 £	Period from 2 Dec 15 to 31 Dec 16 £
Turnover	Note 4	447,673	202,500
Gross profit		447,673	202,500
Administrative expenses		(349,914)	(205,395)
Operating profit/(loss)	5	97,759	(2,895)
Other interest receivable and similar income	8	285	384
Profit/(loss) before taxation		98,044	(2,511)
Tax on profit/(loss)	9	(4,527)	10,718
Profit for the financial year and total comprehensive income		93,517	8,207

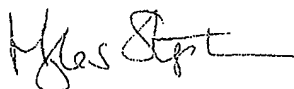
All the activities of the company are from continuing operations.

The notes on pages 12 to 16 form part of these financial statements.

Modulr FS Limited
Statement of Financial Position
31 December 2017

	Note	2017 £	2016 £
Current assets			
Debtors	10	197,687	32,390
Cash at bank and in hand		446,502	397,835
		<u>644,189</u>	<u>430,225</u>
Creditors: amounts falling due within one year	11	(192,464)	(72,017)
Net current assets		<u>451,725</u>	<u>358,208</u>
Total assets less current liabilities		<u>451,725</u>	<u>358,208</u>
Net assets		<u>451,725</u>	<u>358,208</u>
Capital and reserves			
Called up share capital	12	1,001	1,001
Share premium account	13	349,000	349,000
Profit and loss account	13	101,724	8,207
Shareholders funds		<u>451,725</u>	<u>358,208</u>

These financial statements were approved by the board of directors and authorised for issue on 24/04/2018, and are signed on behalf of the board by:



Mr M C Stephenson
Director

Company registration number: 09897919

The notes on pages 12 to 16 form part of these financial statements.

Modulr FS Limited
Statement of Changes in Equity
Year ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 2 December 2015	—	—	—	—
Profit for the year	—	—	8,207	8,207
Total comprehensive income for the year	—	—	8,207	8,207
Investments by and distribution to owners				
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
Profit for the year	—	—	93,517	93,517
Total comprehensive income for the year	—	—	102,817	102,817
At 31 December 2017	1,001	349,000	101,724	451,725

The notes on pages 12 to 16 form part of these financial statements.

Modulr FS Limited
Statement of Cash Flows

Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	93,517	8,207
<i>Adjustments for:</i>		
Other interest receivable and similar income	(285)	(384)
Tax on profit/(loss)	4,527	(10,718)
Accrued expenses	59,456	7,154
<i>Changes in:</i>		
Trade and other debtors	(165,297)	(32,390)
Trade and other creditors	60,956	64,610
Cash generated from operations	52,874	36,479
Interest received	285	384
Tax (paid)/received	(4,527)	10,718
Net cash from operating activities	48,632	47,581
Cash flows from financing activities		
Proceeds from issue of ordinary shares	–	350,001
Proceeds from loans from group undertakings	35	253
Net cash from financing activities	35	350,254
Net increase in cash and cash equivalents	48,667	397,835
Cash and cash equivalents at beginning of year	397,835	–
Cash and cash equivalents at end of year	446,502	397,835

The notes on pages 12 to 16 form part of these financial statements.

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2017

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.

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'.

3. Accounting policies

Basis of preparation

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.

There are no judgements or key sources of estimation uncertainty.

Revenue recognition

Turnover 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.

Current and Deferred 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.

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.

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Income tax *(continued)*

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. Turnover

Turnover arises from:

	Year to 31 Dec 17 £	Period from 2 Dec 15 to 31 Dec 16 £
Service Fees	447,673	202,500

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

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

5. Operating profit

Operating profit or loss is stated after (crediting)/charging:

	Year to 31 Dec 17	Period from 2 Dec 15 to 31 Dec 16
	£	£
Fees payable for the audit of the financial statements	4,500	4,800

6. Staff costs

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

	2017 No.	2016 No.
Professional staff	4	3

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

	Year to 31 Dec 17	Period from 2 Dec 15 to 31 Dec 16
	£	£
Wages and salaries	288,092	156,559
Social security costs	32,320	23,812
	<u>320,412</u>	<u>180,371</u>

7. Directors' remuneration

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

	Year to 31 Dec 17	Period from 2 Dec 15 to 31 Dec 16
	£	£
Remuneration	84,272	44,980

8. Other interest receivable and similar income

	Year to 31 Dec 17	Period from 2 Dec 15 to 31 Dec 16
	£	£
Interest on cash and cash equivalents	285	384

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

9. Tax on profit/(loss)

Major components of tax expense/(income)

	Year to 31 Dec 17 £	Period from 2 Dec 15 to 31 Dec 16 £
Current tax:		
UK current tax income	–	(10,718)
Adjustments in respect of prior periods	4,527	–
Total current tax	4,527	(10,718)
Tax on profit/(loss)	4,527	(10,718)

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	Year to 31 Dec 17 £	Period from 2 Dec 15 to 31 Dec 16 £
Profit/(loss) on ordinary activities before taxation	98,044	(2,511)
Profit/(loss) on ordinary activities by rate of tax	18,873	458
Utilisation of tax losses	–	(458)
R&D Tax Credit	4,527	(10,718)
Losses received from other group entity	(14,992)	–
Effect of R&D enhancement	(3,881)	–
Tax on profit/(loss)	4,527	(10,718)

10. Debtors

	2017 £	2016 £
Trade debtors	196,534	20,000
Amounts owed by group undertakings	1	1
Prepayments and accrued income	1,152	1,671
Corporation tax repayable	–	10,718
	197,687	32,390

Modulr FS Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	10,768	10,500
Amounts owed to group undertakings	288	253
Accruals and deferred income	66,610	7,154
Social security and other taxes	9,178	7,854
Client funds held in EMI accounts	50,064	–
Other creditors	55,556	46,256
	<u>192,464</u>	<u>72,017</u>

Within creditors is a balance of £50,064 (2016: £nil) held on behalf of clients in Electronic money accounts. The corresponding cash held at the year end is £50,064 (2016: £nil)

12. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	1,001	1,001	1,001	1,001

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 group 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. There are no related party transactions outside of the group.

15. 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 year.